

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Hopson Development Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



Pelican Financial Limited

A letter from the Board is set out on pages 5 to 39 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 40 to 41 of this circular. A letter from Pelican Financial containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 42 to 103 of this circular.

A notice convening the SGM to be held at Unit 4903–10, 49/F., The Center, 99 Queen’s Road Central, Central, Hong Kong on Friday, 14 June 2024 at 11:00 a.m. (or immediately after the annual general meeting of the Company to be held on the same day and at the same place at 10:30 a.m. shall have been concluded or adjourned) is set out on pages 108 to 109 of this circular.

A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

* *for identification purposes only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “Annual Caps” | the maximum aggregate annual transaction amount for the 2024–2026 Transactions collectively under the 2024 Framework Agreement for each of the three financial years ending 31 December 2026 |
| “associate(s)” | the meaning given to that term in the Listing Rules |
| “Board” | board of Directors |
| “Chu’s Controlled Entities” | companies which are associates of either Mr. Y.H. Chu and/or Mr. W.H. Chu |
| “Chu Family’s Controlled Entities” | the Chu’s Controlled Entities and Mr. M.Y. Chu’s Controlled Entities |
| “Company” | Hopson Development Holdings Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the main board of the Stock Exchange |
| “connected person(s)” | the meaning given to that term in the Listing Rules |
| “connected subsidiary(ies)” | the meaning given to that term in the Listing Rules |
| “controlling shareholder(s)” | the meaning given to that term in the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “ERP Systems” | Enterprise Resource Planning systems |
| “Existing 2024 Transactions” | Transactions 2, 3, 4, 7, 8, 9 and 11 of the 2024–2026 Transactions entered into between the Group and the Chu Family’s Controlled Entities from 1 January 2024 and up to the Latest Practicable Date |
| “Farrich” | Farrich Investments Limited, a company incorporated in the British Virgin Islands which is ultimately wholly-owned owned by Mr. Y.H. Chu, son of Mr. Chu, brother of Ms. Chu and cousin of Mr. Luo. It is the holder of 694,416,700 Shares, representing approximately 18.31% of the issued Shares as at the Latest Practicable Date |
| “Group” | the Company and its subsidiaries |

DEFINITIONS

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| “Guangdong Hanjiang” | 廣東韓江工程總承包有限公司 (Guangdong Hanjiang Engineering Construction Limited [#]), a member of the Chu’s Controlled Entities |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | an independent committee of the Board comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps |
| “Independent Shareholders” | Shareholders who are independent of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu and their respective associates including Sounda, Farrich, Ju Rong Investment and Ms. Chu |
| “Independent Third Parties” | persons who are not connected persons of the Company |
| “Ju Rong Investment” | Ju Rong Investment Holdings Limited 聚融投資控股有限公司, a company incorporated in Hong Kong which is ultimately wholly-owned by Ms. Chu. It is the holder of 7,052,276 Shares, representing approximately 0.19% of the issued Shares as the Latest Practicable Date |
| “Latest Practicable Date” | 16 May 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information for inclusion in this circular |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Chu” | Mr. Chu Mang Yee, the controlling shareholder of the Company |
| “Mr. Luo” | Mr. Luo Taibin, an executive Director and the chief financial officer of the Company |
| “Mr. M.Y. Chu’s Controlled Entities” | companies which are associates of Mr. Chu and/or connected subsidiaries of the Company where Mr. Chu can exercise or control the exercise of 10% or more of the voting power at the general meeting |
| “Mr. W.H. Chu” | Mr. Chu Wai Hong, son of Mr. Chu, brother of Ms. Chu and cousin of Mr. Luo |

DEFINITIONS

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| “Mr. Y.H. Chu” | Mr. Chu Yat Hong, son of Mr. Chu, brother of Ms. Chu and cousin of Mr. Luo |
| “Ms. Chu” | Ms. Chu Kut Yung, an executive Director, the Chairman of the Board, daughter of Mr. Chu, sister of Mr. W.H. Chu and Mr. Y.H. Chu and cousin of Mr. Luo |
| “Payable Annual Caps” | the maximum aggregate annual transaction amount payable by the Group for services/products/leases to be provided/leased by the Chu Family’s Controlled Entities to the Group under the 2024 Framework Agreement for each of the three financial years ending 31 December 2026 |
| “Pelican Financial” | Pelican Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Board to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps |
| “PRC” | the People’s Republic of China |
| “Proxy Form” | the form of proxy for the SGM enclosed with this circular |
| “Receivable Annual Caps” | the maximum aggregate annual transaction amount receivable by the Group for services/leases to be provided/leased to the Chu Family’s Controlled Entities by the Group under the 2024 Framework Agreement for each of the three financial years ending 31 December 2026 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) |
| “SGM” | the special general meeting of the Company to be held at Unit 4903–10, 49/F., The Center, 99 Queen’s Road Central, Central, Hong Kong on Friday, 14 June 2024 at 11:00 a.m. (or immediately after the annual general meeting of the Company to be held on the same day and at the same place at 10:30 a.m. shall have been concluded or adjourned) |

DEFINITIONS

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| “SGM Notice” | the notice for convening the SGM as set out in Appendix II to this circular |
| “Shareholders” | holders of Shares |
| “Shares” | the ordinary shares of HK\$0.10 each in the share capital of the Company |
| “Sounda” | Sounda Properties Limited, a company incorporated in the British Virgin Islands which is ultimately wholly-owned by Mr. Chu. It is the holder of 2,038,666,384 Shares, representing approximately 53.75% of the issued Shares as at the Latest Practicable Date |
| “sq.m.” | square metres |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | the meaning given to that term in the Listing Rules |
| “2021 Framework Agreement” | the conditional framework agreement dated 30 April 2021 entered into among the Company, Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu in relation to certain recurrent transactions which expired on 31 December 2023 |
| “2024 Framework Agreement” | the conditional framework agreement dated 26 April 2024 entered into among the Company, Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu in relation to the 2024–2026 Transactions |
| “2024–2026 Transactions” | the Transaction 1 to the Transaction 11 as described in the section headed “B. THE 2024–2026 TRANSACTIONS” of this circular proposed to be entered into between the Group and the Chu Family’s Controlled Entities pursuant to the 2024 Framework Agreement |

In this circular, the conversion of RMB into HK\$ has been made at the rate of RMB1.00: HK\$1.10. Such conversion rate is included in this circular for indicative purpose only and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

* *For identification purposes only*

For identification purposes only, the names of PRC established companies or entities (if any) and PRC laws and regulations (if any) have been included in this circular in both Chinese and English languages. In the event of inconsistency, the Chinese language shall prevail.

LETTER FROM THE BOARD



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

Executive Directors:

CHU Kut Yung (*Chairman*)

ZHANG Fan (*Co-president*)

AU Wai Kin

BAO Wenge

LUO Taibin

Principal Office:

Unit 4903–10, 49/F.

The Center

99 Queen's Road Central

Central

Hong Kong

Independent Non-executive Directors:

TAN Leng Cheng, Aaron

CHING Yu Lung

IP Wai Lun, William

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

21 May 2024

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

A. INTRODUCTION

Reference is made to the announcement of the Company dated 26 April 2024 relating to, among other things, the 2024 Framework Agreement and the 2024–2026 Transactions, which constitute continuing connected transactions of the Company under the Listing Rules.

* *for identification purposes only*

LETTER FROM THE BOARD

Pursuant to the 2021 Framework Agreement, which expired on 31 December 2023, the Group carried out certain recurring continuing connected transactions with the Chu Family's Controlled Entities. Since the Group expects to continue certain recurring transactions contemplated under the 2021 Framework Agreement and to enter into certain new recurring transactions with the Chu Family's Controlled Entities in the three financial years ending 31 December 2026, the Company entered into the 2024 Framework Agreement with Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu to govern the 2024–2026 Transactions on 26 April 2024.

Mr. Chu is the controlling shareholder of the Company. Both Mr. Y.H. Chu and Mr. W.H. Chu are the sons of Mr. Chu, the brothers of Ms. Chu and the cousins of Mr. Luo. In addition, as at the Latest Practicable Date, Mr. Y.H. Chu also indirectly owned approximately 18.31% of the Shares. Accordingly, each of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu is a connected person of the Company under the Listing Rules, and the 2024 Framework Agreement and the 2024–2026 Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Before the entry of the 2024 Framework Agreement, during the period from 1 January 2024 and up to the Latest Practicable Date, the Group has continued to carry out Transactions 2, 3, 7, 8, 9 and 11 of the 2024–2026 Transactions, and begun carrying out Transaction 4 of the 2024–2026 Transactions (i.e. the Existing 2024 Transactions), with the Chu Family's Controlled Entities. As none of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the Existing 2024 Transactions, exceeds 0.1%, the Existing 2024 Transactions are fully exempt from the shareholders' approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the Existing 2024 Transactions are aggregated with the 2024–2026 Transactions for the purposes of compliance with the relevant rules under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the 2024–2026 Transactions, both when calculated individually and when aggregated with the Existing 2024 Transactions, exceed 5%, the 2024 Framework Agreement and the 2024–2026 Transactions constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Accordingly, the Company proposes to seek the Independent Shareholders' approval of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps for the three financial years ending 31 December 2026 at the SGM. Each of Sounda, Farrich, Ju Rong Investment and Ms. Chu will abstain from voting at the SGM, and such Shareholders collectively had 2,741,892,280 Shares, representing approximately 72.30% of the issued Shares as at the Latest Practicable Date. Votes of the Independent Shareholders at the SGM will be taken by poll.

LETTER FROM THE BOARD

The Independent Board Committee has been formed to advise the Independent Shareholders and Pelican Financial has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps.

The purpose of this circular is to provide you with, among other things, (i) details of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Pelican Financial to the Independent Board Committee and the Independent Shareholders; (iv) other information required under the Listing Rules; and (v) the SGM Notice.

B. THE 2024–2026 TRANSACTIONS

(1) Services and products to be provided/premises to be leased by the Chu Family’s Controlled Entities to the Group pursuant to the 2024 Framework Agreement:

Construction

The appointment of the Chu Family’s Controlled Entities by the Group to carry out construction works and other related or similar services for certain property development projects of the Group (“**Transaction 1**”).

Cost consultancy services for construction works

The appointment of the Chu Family’s Controlled Entities by the Group to provide the Group with cost consultancy services for its construction works (“**Transaction 2**”).

Office and multi-purpose space lease

The lease of (i) certain premises located in regions including Beijing, Guangzhou, Shanghai and Chengdu by the Chu Family’s Controlled Entities to the Group for office use; and (ii) certain multi-purpose spaces located in regions including Beijing, Chengdu, Xi’an, Shanghai, Guangzhou and Shenzhen by the Chu Family’s Controlled Entities to the Group (“**Transaction 3**”).

Pursuant to Hong Kong Financial Reporting Standard 16, the lease payment under Transaction 3 will be recognised by the Group as a right-of-use asset, and hence Transaction 3 will be regarded as a one-off connected acquisition of a right-of-use asset by the Group under Chapter 14A of the Listing Rules. Based on the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules, Transaction 3 constitutes a non-exempt connected transaction of the Company which is subject to the reporting, announcement, circular, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules. Please refer to the section headed “F. PROPOSED ANNUAL CAPS” below for more details. Given the continuing connected nature of Transaction 3 and as a good corporate governance measure, the parties have included Transaction 3 in the 2024 Framework Agreement.

LETTER FROM THE BOARD

Administrative procurement and vehicles procurement

The appointment of the Chu Family's Controlled Entities by the Group to provide certain administrative services and supplies, as well as vehicles to the Group ("**Transaction 4**").

Information technology related services

The appointment of the Chu Family's Controlled Entities by the Group to provide information technology related services and ERP Systems services to the Group ("**Transaction 5**").

Management of urban renewal projects and property development projects

The appointment of the Chu Family's Controlled Entities by the Group to provide services to the Group in relation to the management of certain urban renewal projects and property development projects of the Group ("**Transaction 6**").

(2) Services to be provided/premises to be leased by the Group to the Chu Family's Controlled Entities pursuant to the 2024 Framework Agreement:

Building design

The appointment of the Group by the Chu Family's Controlled Entities to provide building design services for certain property development projects of the Chu Family's Controlled Entities ("**Transaction 7**").

Property management and related services

The appointment of the Group by the Chu Family's Controlled Entities to provide property management and related services to properties of certain property development projects of the Chu Family's Controlled Entities ("**Transaction 8**").

Office and shop lease

The lease of certain premises located in regions including Guangzhou, Chengdu, Beijing and Xi'an by the Group to the Chu Family's Controlled Entities for use as offices and shops ("**Transaction 9**").

Operational and building management

The appointment of the Group by the Chu Family's Controlled Entities to provide operational and building management services for certain property development projects of the Chu Family's Controlled Entities ("**Transaction 10**").

LETTER FROM THE BOARD

Construction

The appointment of the Group by the Chu Family's Controlled Entities to provide construction services for certain property development projects of the Chu Family's Controlled Entities ("**Transaction 11**").

C. PRINCIPAL TERMS OF THE 2024 FRAMEWORK AGREEMENT

On 26 April 2024 (after trading hours), the Company, Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu entered into the 2024 Framework Agreement, which sets out, among other things, the principal terms of the 2024–2026 Transactions as follows:

- Date: 26 April 2024
- Parties:
- (1) the Company
 - (2) Mr. Chu
 - (3) Mr. Y.H. Chu
 - (4) Mr. W.H. Chu
- Scope of services:
1. Each of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu shall procure the relevant member(s) of the Chu Family's Controlled Entities or their respective sub-contractors to provide the services and products (other than Transaction 3), as the case may be, set out in paragraph 1 of Section B of this circular and shall procure the relevant member(s) of the Chu Family's Controlled Entities to lease certain office premises and multi-purpose spaces to the Group.
 2. The Company shall procure the relevant member(s) of the Group or their respective sub-contractors to perform the services (other than Transaction 9) set out in paragraph 2 of Section B of this circular and shall procure the relevant member(s) of the Group to lease certain office and shop premises to the Chu Family's Controlled Entities.
- Term: For a term commencing from the date when the 2024 Framework Agreement becomes unconditional and ending on 31 December 2026.

LETTER FROM THE BOARD

Condition precedent: The 2024 Framework Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at a general meeting of the Company.

Specific terms for the 2024–2026 Transactions: Each of the Company, Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu shall procure the relevant members of the Group and the Chu Family’s Controlled Entities to enter into a separate sales contract or agreement for each of the engagements/orders/leases in respect of each of the 2024–2026 Transactions. The sales contracts or agreements shall contain specific terms of the engagements/orders/leases which are consistent with the terms and principles set forth in the 2024 Framework Agreement. In general, the terms of the engagements/orders/leases in respect of the 2024–2026 Transactions must be fair and reasonable so far as the Group is concerned and each individual sales contract or agreement that the Group and the Chu Family’s Controlled Entities shall enter into must pass through the Group’s internal approval procedures in order to ensure that each of the engagements/orders/leases in respect of each of the 2024–2026 Transactions shall be conducted on normal commercial terms or better than those offered by Independent Third Parties so far as the Group is concerned.

D. DETAILS OF THE 2024–2026 TRANSACTIONS

Particulars of the 2024–2026 Transactions, the relevant pricing bases set out in the 2024 Framework Agreement and a summary of the respective payment terms for each of the 2024–2026 Transactions are set forth below:

1. Transaction 1 — Construction

Scope: The Group agrees to appoint the Chu Family’s Controlled Entities to carry out construction works and other related or similar services for certain property development projects of the Group.

LETTER FROM THE BOARD

- Bases for determining price and other terms: The fees payable by the Group to the Chu Family's Controlled Entities and the other terms for this transaction shall be determined by the parties with reference to (i) the prevailing market prices offered by Independent Third Parties for providing similar services; and (ii) the standards and guidelines prescribed by 建設委員會 (Construction Committee[#]) of the region where the project is located, such as (a) 《建設工程工程量清單計價規範》 (Code of valuation with bill quantity of construction works[#]) (GB50500-2013) published by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC[#]) in 2012; (b) 《廣東省建設工程計價依據(2018)》 (Costing basis of construction and installation works, Guangdong Province (2018)[#]) published by 廣東省住房和城鄉建設廳 (Department of Housing and Urban-Rural Development of Guangdong Province[#]) in 2019 for property projects in Guangdong Province; (c) 《天津市建設工程計價辦法》 (Tianjin construction project valuation method[#]), 《天津市建築工程預算基價》 (Tianjin construction project budgeting standard[#]), 《天津市裝飾裝修工程預算基價》 (Tianjin decoration and renovation project budgeting standard[#]) and 《天津市安裝工程預算基價》 (Tianjin installation project budgeting standard[#]) published by 天津市住房和城鄉建設委員會 (Tianjin Housing and Urban-Rural Development Commission[#]) in 2020; and (d) 《上海市建築和裝飾工程預算定額》 (Shanghai construction and decoration project budgeting standard[#]) published by 上海市住房和城鄉建設管理委員會 (Shanghai Housing and Urban-Rural Development and Management Commission[#]) in 2016.
- The contract price to be determined by the parties shall be in line with the latest market prices charged by Independent Third Parties for providing similar services and shall conform with the applicable pricing standards and guidelines prescribed by the relevant governmental authorities.
- Payment terms: The fees for Transaction 1 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

LETTER FROM THE BOARD

Generally, the Group shall pay the fees in phases and according to the construction schedule and status of the property development projects. Approximately 10% of the total contract price shall normally be paid within 30 business days of the date of the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities, and subsequent payments shall be made in instalments upon completion and inspection of the construction works.

2. Transaction 2 — Cost consultancy services for construction works

Scope: The Group agrees to appoint the Chu Family's Controlled Entities to provide the Group with cost consultancy services for its construction works, including preparing project settlement and issuing completion accounts based on completion data such as construction drawings.

Bases for determining price and other terms: The fees payable by the Group to the Chu Family's Controlled Entities and other terms for this transaction shall be determined with reference to (i) the prevailing market prices offered by Independent Third Parties for providing similar services; and (ii) the standards and guidelines prescribed by the relevant governmental authorities of the region where the project is located, such as (a) 《廣東省物價局關於調整我省建設工程造價諮詢服務收費的覆函》 (Reply letter in relation to the adjustment of the pricing of fee enquiries for construction projects of the Price Control Administrative Bureau of Guangdong Province[#]) issued by 廣東省物價局 (Price Control Administrative Bureau of Guangdong Province[#]) in 2011; and (b) 《廣東省建設工程造價管理規定》 (Rules governing the fees chargeable for construction projects of Guangdong Province[#]) issued by 廣東省人民政府 (The People's Government of Guangdong Province[#]) in 2014, which was subsequently amended in 2021.

The contract price to be determined by the parties shall be in line with the latest market prices charged by Independent Third Parties for providing similar services and shall conform with the applicable pricing standards and guidelines prescribed by the relevant governmental authorities.

LETTER FROM THE BOARD

Payment terms: The fees for Transaction 2 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Chu Family's Controlled Entities shall prepare invoices in respect of the completed cost consultancy works for the Group's approval on a monthly basis, and the Group shall settle the invoices within 30 business days upon receipt of the relevant invoices from the Chu Family's Controlled Entities.

3. Transaction 3 — Office and multi-purpose space lease

Scope: The Chu Family's Controlled Entities agree to lease (i) certain premises located in regions including Beijing, Guangzhou, Shanghai and Chengdu for office use; and (ii) certain multi-purpose spaces, including atriums, warehouses and advertising spaces located in regions including Beijing, Chengdu, Xi'an, Shanghai, Guangzhou and Shenzhen to the Group.

Bases for determining price and other terms: The rent payable by the Group to the Chu Family's Controlled Entities and the other terms shall be determined with reference to the prevailing market rents paid by lessees who are Independent Third Parties for leasing similar types of premises located in nearby areas, or leasing premises of the same grading.

Payment terms: The payment for Transaction 3 shall be made according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Group shall make the payment in advance on a monthly basis.

4. Transaction 4 — Administrative procurement and vehicles procurement

Scope: The Group agrees to appoint the Chu Family's Controlled Entities to provide certain administrative services and supplies to the Group including insurance, medical and health examination services, staff uniform and internet.

The Group agrees to appoint the Chu Family's Controlled Entities to also provide certain vehicles to the Group for client transportation services.

LETTER FROM THE BOARD

Bases for determining price and other terms: The fees payable by the Group to the Chu Family's Controlled Entities and the other terms for this transaction shall be determined by the parties with reference to the prevailing market prices offered by Independent Third Parties for providing similar services and products.

Payment terms: The payment for Transaction 4 shall be made according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Group shall make the payment within 30 business days upon receipt of the relevant invoices from the Chu Family's Controlled Entities, depending on the types of products and/or services provided by the Chu Family's Controlled Entities.

5. Transaction 5 — Information technology related services

Scope: The Group agrees to appoint the Chu Family's Controlled Entities to provide (i) information technology related services, including the planning, consultation, development, implementation, marketing and maintenance of the Group's information technology systems for the management of smart offices, labour, operations, financing, investment and the property industry; and (ii) ERP Systems services, including the establishment and maintenance of ERP Systems, to the Group.

Bases for determining price and other terms: The fees payable by the Group to the Chu Family's Controlled Entities and the other terms for this transaction shall be determined by the parties with reference to the prevailing market prices offered by Independent Third Parties for providing similar services.

Payment terms: The fees for Transaction 5 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

LETTER FROM THE BOARD

Generally, the Group shall pay the fees in phases and according to the completion schedule and status of the information technology projects. Approximately 40% of the total contract price shall normally be paid within 20 business days of the date of the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities, and subsequent payments shall be made in instalments upon completion and inspection of the project works.

6. Transaction 6 — Management of urban renewal projects and property development projects

Scope:

The Group agrees to appoint the Chu Family's Controlled Entities to provide services to the Group in relation to the management of (i) certain urban renewal projects of the Group, including the urban renewal projects for Qianjin Road[#] (前進路), Yuangang Village[#] (員崗村), Xinji Village[#] (新基村), Chebei Village[#] (車陂村), Kangle Village[#] (康樂村) and Lujiang Village[#] (鷺江村), all of which are located in Guangdong Province, and other urban renewal projects to be undertaken by the Group from time to time; and (ii) certain property development projects of the Group.

The management services to be provided by the Chu Family's Controlled Entities to the Group include but are not limited to services in relation to the management of tasks, project teams, human resources, financial matters, operational matters, construction matters, information technology systems, settlement of fees, property entrustment and software maintenance, as well as sales agency services, consultancy and advisory services.

LETTER FROM THE BOARD

Bases for determining price and other terms: The fees payable by the Group to the Chu Family's Controlled Entities and the other terms for this transaction shall be determined with reference to (i) the prevailing market prices offered by Independent Third Parties for providing similar services; and (ii) the standards and guidelines prescribed by the relevant governmental authorities of the region where the project is located, such as 《廣東省物價局關於調整我省建設工程造價諮詢服務收費的覆函》 (Reply letter in relation to the adjustment of the pricing of fee enquiries for construction projects of the Price Control Administrative Bureau of Guangdong Province[#]) issued by 廣東省物價局 (Price Control Administrative Bureau of Guangdong Province[#]) in 2011.

The contract price to be determined by the parties shall be in line with the latest market prices charged by Independent Third Parties for providing similar services and shall conform with the applicable pricing standards and guidelines prescribed by the relevant governmental authorities.

Payment terms: The fees for Transaction 6 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Group shall pay the fees in phases and according to the completion schedule and status of the urban renewal and property development projects.

7. Transaction 7 — Building design

Scope: The Chu Family's Controlled Entities agree to appoint the Group to provide building design services for certain property development projects of the Chu Family's Controlled Entities in regions including Xi'an, Beijing, Guangzhou, Shanghai, Chengdu and Shenzhen.

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Bases for determining price and other terms: The fees payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to (i) the prevailing market prices offered by Independent Third Parties for providing similar design services; and (ii) the standards and guidelines prescribed by the relevant local authority on the fees for providing similar services, including the 《建築設計服務計費指導》 (Guide on fees charged for construction design services[#]) issued by 中國勘察設計協會 (China Engineering and Consulting Association[#]) in 2015.

The contract price to be determined by the parties shall be in line with the latest market prices charged by Independent Third Parties for providing similar services and shall conform with the applicable pricing standards and guidelines prescribed by the relevant local authorities.

Payment terms: The fees for Transaction 7 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Chu Family's Controlled Entities shall pay the fees in phases and according to the completion schedule and status of the building design works. Approximately 20% of the total contract price shall normally be paid within 30 business days of the date of the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities, and subsequent payments shall be made in instalments upon completion and inspection of the building design works.

8. Transaction 8 — Property management and related services

Scope: The Chu Family's Controlled Entities agree to appoint the Group to provide property management and related services to properties of certain property development projects of the Chu Family's Controlled Entities, including property management services for vacant properties, value-added property services, refurbishment and renovation services, on-site services for sale centres and presentation centres, consultancy services as well as promotion services for new properties.

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Bases for determining price and other terms: The fees payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to the prevailing market prices offered by Independent Third Parties for providing similar services in regions including the Guangdong province, Zhejiang province, Hebei province, Tianjin, Beijing and Shanghai.

Payment terms: The fees for Transaction 8 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Chu Family's Controlled Entities shall make the payment in arrears on a quarterly basis.

9. Transaction 9 — Office and shop lease

Scope: The Group agrees to lease certain premises located in regions including Guangzhou, Chengdu, Beijing and Xi'an to the Chu Family's Controlled Entities for use as offices and shops.

Bases for determining price and other terms: The rent payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined with reference to the prevailing market rents charged by Independent Third Parties for leasing out similar types of properties.

Payment terms: The payment for Transaction 9 shall be made according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Chu Family's Controlled Entities shall make the payment in advance on a regular basis, either monthly or quarterly.

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10. Transaction 10 — Operational and building management

Scope: The Chu Family's Controlled Entities agree to appoint the Group to provide operational and building management services for certain property development projects of the Chu Family's Controlled Entities, including pre-development management, building management, lease management, operations management, redevelopment management and information technology systems management services.

Bases for determining price and other terms: The service fees payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to the pricing standards of Independent Third Parties for providing similar services in the industry.

Payment terms: The fees for Transaction 10 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Chu Family's Controlled Entities shall make the payment on a quarterly basis within 10 to 15 business days upon receipt of the relevant invoices from the Group.

11. Transaction 11 — Construction

Scope: The Chu Family's Controlled Entities agree to appoint the Group to provide construction services for certain property development projects of the Chu Family's Controlled Entities.

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Bases for determining price and other terms: The construction fees payable by the Chu Family's Controlled Entities to the Group and the other terms for this transaction shall be determined by the parties with reference to (i) the prevailing market prices offered by Independent Third Parties for providing similar services; and (ii) the standards and guidelines prescribed by 建設委員會 (Construction Committee[#]) of the region where the projects are located, such as (a) 《建設工程工程量清單計價規範》 (Code of valuation with bill quantity of construction works[#]) (GB50500-2013) published by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC[#]) in 2012; (b) 《天津市建築工程預算基價》 (Tianjin construction project budgeting standard[#]) published by 天津市住房和城鄉建設委員會 (Tianjin Housing and Urban-Rural Development Commission[#]) in 2020; and (c) 《廣東省建設工程計價依據(2018)》 (Costing basis of construction and installation works, Guangdong Province (2018)[#]) published by 廣東省住房和城鄉建設廳 (Department of Housing and Urban-Rural Development of Guangdong Province[#]) in 2019.

The contract price to be determined by the parties shall be in line with the latest market prices charged by Independent Third Parties for providing similar services and shall conform with the applicable pricing standards and guidelines prescribed by the relevant governmental authorities.

Payment terms: The fees for Transaction 11 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities.

Generally, the Group issues invoices in accordance with the completion schedule and status of the construction works. The Chu Family's Controlled Entities shall normally settle the fees within 28 business days upon receipt of the relevant invoices from the Group.

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Pricing policy for services to be provided/premises to be leased by the Group to the Chu Family's Controlled Entities pursuant to the 2024 Framework Agreement

The fees for services to be provided and the rents for premises to be leased by the Group to the Chu Family's Controlled Entities shall be in line with the prevailing market prices and rents, and shall conform with the prescribed prices if there are applicable pricing standards and guidelines prescribed by the relevant local and governmental authorities.

For the purpose of determining the prevailing market prices (with respect to services to be provided by the Group) and market rents (with respect to premises to be leased by the Group), the cost centre of the Group is responsible for obtaining and comparing the quotations and bids from the suppliers, service providers and real estate agents and further conducting research and collecting relevant market data from publicly available information to gather the prices for similar services and the rents for similar types of premises located in nearby areas or premises of the same grading which are offered by Independent Third Parties. The cost centre of the Group is also responsible for maintaining and regularly updating a database of the service fees and rents charged by the Group to its customers (including the Chu Family's Controlled Entities and other customers who are Independent Third Parties).

Before entering into a separate sales contract or agreement, the relevant operational team of the Group will prepare a fee proposal for the services to be provided/premises to be leased to the Chu Family's Controlled Entities. The relevant operational team will assess and evaluate the scope and scale of the services (with respect to services to be provided the Group) and the location, size and grading of the lease properties (with respect to premises to be leased by the Group) and prepare the fee proposal having taken into account a range of factors, including, among others, expected volume of works or services, expected cost of services, materials and labour to be incurred, technical requirements, expertise required, location, size and grading of the properties, expected risk factors and expected profit margin (as the case may be), as well as the relevant market information, including the fee quotes offered by the Group to at least two other customers and lessees who are Independent Third Parties and the market prices/rents charged by at least two Independent Third Parties for comparable services/leases in the market (the "**comparison analysis**"). The fee proposal, together with the individual sales contract or agreement (containing the prices and terms of the transactions) and the comparison analysis will then be submitted to the head of the relevant operational team for review and approval.

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E. INTERNAL CONTROL MEASURES

To ensure that the terms of the individual sales contract or agreement in respect of the 2024–2026 Transactions proposed to be entered into by the Group are fair and reasonable, are normal commercial terms or better so far as the Group is concerned and are in accordance with the Group’s pricing policy, the cost centre of the Group shall, before the Group enters into any individual sales contract or agreement in respect of the 2024–2026 Transactions with the Chu Family’s Controlled Entities, first obtain quotations and terms for providing services/products/leases of similar level and types from at least two Independent Third Parties for reference. The relevant operational team of the Group shall then review and/or evaluate the terms proposed to be offered by/to the Chu Family’s Controlled Entities to/by the Group and compare such terms with (i) the quotations obtained from the Independent Third Parties and (ii) with respect to services to be provided/premises to be leased by the Group to the Chu Family’s Controlled Entities under Transactions 7 to 11, the fee quotes offered by the Group to at least two other customers and lessees who are Independent Third Parties. The relevant operational team shall then prepare the comparison analysis. The head of such operational team shall be responsible for approving the individual sales contract or agreement in respect of the 2024–2026 Transactions that the Group enters into with the Chu Family’s Controlled Entities in order to ensure that each of the engagements/orders/leases in respect of each of the 2024–2026 Transactions shall be conducted on normal commercial terms or better than those offered by/to Independent Third Parties so far as the Group is concerned and in accordance with the Group’s pricing policy. Further, the legal department of the Group shall assist with the negotiation of contract terms and handle the legal aspects of the individual sales contract or agreement. Senior executives of the Group shall be responsible for signing the individual sales contract or agreement for and on behalf of the relevant members of the Group.

In the event that market quotations and terms for providing services/products/leases of similar level and types from at least two Independent Third Parties are not available, to ensure that each of the engagements/orders/leases in respect of each of the 2024–2026 Transactions are conducted on normal commercial terms or better than those offered by Independent Third Parties so far as the Group is concerned and in accordance with the Group’s pricing policy, the cost centre of the Group shall instead review and evaluate the terms proposed to be offered by/to the Chu Family’s Controlled Entities to/by our Group by comparing such terms against the terms of existing sales contracts or agreements entered into by the Group with Independent Third Parties (if any) for similar services/products/leases, while the relevant operational team will also take into account the Group’s own assessment based on its experience and knowledge of current market conditions and practices and the prevailing market terms.

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The cost centre of the Group shall request the relevant operational teams of the Group to report the actual transaction amounts incurred for each of the relevant 2024–2026 Transactions on a regular basis, monitor the aggregate transaction amounts incurred on a regular basis to ensure that the Annual Caps in respect of the 2024–2026 Transactions are not exceeded and shall perform checks regularly at least on a quarterly basis to ensure compliance with and effectiveness of the pricing policies.

In addition, the cost centre of the Group shall regularly collect and keep the relevant operational team informed of the applicable standards and guidelines published by the relevant governmental authorities in the PRC that are relevant to the 2024–2026 Transactions in order to ensure that such transactions are conducted in accordance with the established pricing policy where such standards and guidelines are applicable.

The independent non-executive Directors will conduct an annual review of the 2024–2026 Transactions and confirm in the Company’s annual report in accordance with Rule 14A.55 of the Listing Rules. The auditors of the Company will also conduct an annual review and report on the 2024–2026 Transactions in accordance with Rule 14A.56 of the Listing Rules.

The Directors are of the view that the internal approval procedure and internal control measures adopted by the Group set out in the above are effective in ensuring that the 2024–2026 Transactions shall be conducted on normal commercial terms or better which are fair and reasonable to the Company and the Shareholders as a whole.

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F. PROPOSED ANNUAL CAPS

(1) Set out below are the Annual Caps proposed by the Directors for each of the three financial years ending 31 December 2026 in respect of the 2024–2026 Transactions and the relevant breakdowns:

A. *Services and products to be provided/premises to be leased by Chu Family's Controlled Entities to the Group pursuant to the 2024 Framework Agreement:*

| Transactions | 2024 Annual Cap | 2025 Annual Cap | 2026 Annual Cap |
|---|--|--|--|
| 1. Transaction 1 — Construction | RMB1,774,710,000 (equivalent to approximately HK\$1,952,181,000) | RMB2,116,320,000 (equivalent to approximately HK\$2,327,952,000) | RMB1,563,940,000 (equivalent to approximately HK\$1,720,334,000) |
| 2. Transaction 2 — Cost consultancy services for construction works | RMB32,380,000 (equivalent to approximately HK\$35,618,000) | RMB19,020,000 (equivalent to approximately HK\$20,922,000) | RMB46,170,000 (equivalent to approximately HK\$50,787,000) |
| 3. Transaction 3 — Office and multi-purpose space lease ^(Note) | RMB182,250,000 (equivalent to approximately HK\$200,475,000) | RMB210,210,000 (equivalent to approximately HK\$231,231,000) | RMB209,650,000 (equivalent to approximately HK\$230,615,000) |
| 4. Transaction 4 — Administrative procurement and vehicles procurement | RMB9,780,000 (equivalent to approximately HK\$10,758,000) | RMB5,030,000 (equivalent to approximately HK\$5,533,000) | RMB6,730,000 (equivalent to approximately HK\$7,403,000) |
| 5. Transaction 5 — Information technology related services | RMB67,350,000 (equivalent to approximately HK\$74,085,000) | RMB80,000,000 (equivalent to approximately HK\$88,000,000) | RMB92,000,000 (equivalent to approximately HK\$101,200,000) |
| 6. Transaction 6 — Management of urban renewal projects and property development projects | RMB329,760,000 (equivalent to approximately HK\$362,736,000) | RMB689,790,000 (equivalent to approximately HK\$758,769,000) | RMB670,710,000 (equivalent to approximately HK\$737,781,000) |
| Total Payable Annual Caps | RMB2,396,230,000 (equivalent to approximately HK\$2,635,853,000) | RMB3,120,370,000 (equivalent to approximately HK\$3,432,407,000) | RMB2,589,200,000 (equivalent to approximately HK\$2,848,120,000) |

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Note: Pursuant to Hong Kong Financial Reporting Standards 16, the lease payment under Transaction 3 will be recognised by the Group as a right-of-use asset with the aggregate consideration of approximately RMB602,110,000 (equivalent to approximately HK\$662,321,000 (without taking into account the discounting factor for the years ending 31 December 2025 and 2026)), and hence Transaction 3 will be regarded as a one-off connected acquisition of a right-of-use asset by the Group under Chapter 14A of the Listing Rules. As one or more of the relevant applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules exceed 5%, Transaction 3 constitutes a non-exempt connected transaction of the Company which is subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. Given the continuing connected nature of Transaction 3 and as a good corporate governance measure, the parties have included Transaction 3 in the 2024 Framework Agreement. The annual caps represent the annual rentals payable by the Group for the relevant financial year.

B. *Services to be provided/premises to be leased by the Group to the Chu Family's Controlled Entities pursuant to the 2024 Framework Agreement:*

| Transactions | 2024 Annual Cap | 2025 Annual Cap | 2026 Annual Cap |
|---|---|---|---|
| 7. Transaction 7 — Building design | RMB144,080,000 (equivalent to approximately HK\$158,488,000) | RMB232,500,000 (equivalent to approximately HK\$255,750,000) | RMB132,600,000 (equivalent to approximately HK\$145,860,000) |
| 8. Transaction 8 — Property management and related services | RMB376,810,000 (equivalent to approximately HK\$414,491,000) | RMB404,990,000 (equivalent to approximately HK\$445,489,000) | RMB449,570,000 (equivalent to approximately HK\$494,527,000) |
| 9. Transaction 9 — Office and shop lease | RMB11,890,000 (equivalent to approximately HK\$13,079,000) | RMB13,990,000 (equivalent to approximately HK\$15,389,000) | RMB14,420,000 (equivalent to approximately HK\$15,862,000) |
| 10. Transaction 10 — Operational and building management | RMB217,120,000 (equivalent to approximately HK\$238,832,000) | RMB300,160,000 (equivalent to approximately HK\$330,176,000) | RMB424,090,000 (equivalent to approximately HK\$466,499,000) |
| 11. Transaction 11 — Construction | RMB5,856,540,000 (equivalent to approximately HK\$6,442,194,000) | RMB4,945,340,000 (equivalent to approximately HK\$5,439,874,000) | RMB3,186,270,000 (equivalent to approximately HK\$3,504,897,000) |
| Total Receivable Annual Caps | RMB6,606,440,000 (equivalent to approximately HK\$7,267,084,000) | RMB5,896,980,000 (equivalent to approximately HK\$6,486,678,000) | RMB4,206,950,000 (equivalent to approximately HK\$4,627,645,000) |

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- (2) **The management of the Company determined the proposed Annual Caps based on the estimated annual transaction amounts for each of the three financial years ending 31 December 2026 in respect of each of the 2024–2026 Transactions, and the bases for such estimation are set out below:**

Transaction 1 — Construction

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the approximate aggregate gross floor area of the construction projects to be carried out by the Chu Family's Controlled Entities located in Beijing, Guangzhou and Huizhou; (iii) the proportion of the subject construction project expected to be completed in each of the three financial years ending 31 December 2026; (iv) the scope and scale of works required from the Chu Family's Controlled Entities based on the estimated completion schedule; and (v) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of construction fees payable by the Group are directly related to the number and scale, and hence the aggregate gross floor area, of the Group's property development projects which require construction works from the Chu Family's Controlled Entities. The proposed annual caps for Transaction 1 for the three financial years ending 31 December 2026 have increased significantly when compared to the historical transaction amounts for the three financial years ended 31 December 2023, as the number and scale, and hence the aggregate gross floor area, of the Group's property development projects which require construction works under Transaction 1 are expected to increase substantially for the three financial years ending 31 December 2026. The expected increase in the number and scale of the Group's property development projects was determined by the Group in accordance with its property development schedule for the forthcoming years, having regard to the current market conditions, the anticipated market recovery and outlook of the property development industry in the PRC. In terms of project timeline, it is expected that about 25% to 35% of the estimated aggregate gross floor area of the Group's property development projects in Beijing, Guangzhou and Huizhou (i.e. approximately 1,267,411 sq.m.) will be completed in each of the three financial years ending 31 December 2026. The construction fees are generally payable in phases according to the work progress and completion schedules of the projects. The year-on-year fluctuation in the proposed annual caps for Transaction 1 for the three financial years ending 31 December 2026 is primarily due to the varying work progress and completion schedules of the construction projects, such as the differences in the aggregate gross floor area estimated to be completed, for each of the three financial years ending 31 December 2026.

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Transaction 2 — Cost consultancy services for construction works

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the approximate aggregate construction floor area of the property projects to be completed by the Group in Guangzhou, Shanghai, the northern regions of the PRC (including Tianjin, Shanxi, Bazhou, Langfang and Beijing) and Huizhou, which require such services from the Chu Family's Controlled Entities; and (iii) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of consultancy fees payable by the Group are directly related to the number and scale, and hence the aggregate construction floor area of the Group's construction projects which require cost consultancy services from the Chu Family's Controlled Entities. The proposed annual caps for Transaction 2 for the three financial years ending 31 December 2026 are generally higher than the historical transaction amounts for the three financial years ended 31 December 2023, as the number and scale, and hence the aggregate construction floor area, of the Group's construction projects which require cost consultancy services under Transaction 2 are expected to be higher for the three financial years ending 31 December 2026. The expected increase in the number and scale of the Group's property development projects was determined by the Group in accordance with its property development schedule for the forthcoming years, having regard to the current market conditions, the anticipated market recovery and outlook of the property development industry in the PRC. The consultancy fees are generally payable in phases according to the work progress and completion schedules of the projects. The year-on-year fluctuation in the proposed annual caps for Transaction 2 is primarily due to the varying work progress and completion schedules of the construction projects, such as the differences in the aggregate construction floor area estimated to be completed, for each of the three financial years ending 31 December 2026.

Transaction 3 — Office and multi-purpose space lease

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the proposed lease premises identified and the aggregate size thereof; and (iii) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of rent payable by the Group is directly related to the number, size and location of the premises to be leased by the Group. In addition to office leases, the Group intends to also lease certain multi-purpose spaces including atriums, warehouses and advertising spaces from the Chu Family's Controlled Entities for the three financial years ending 31 December 2026, primarily to support various marketing events and promotional and advertising activities which are in line with the Group's operational requirements and strategic objectives, and also to sub-lease part of those spaces to other tenants as and when appropriate opportunities arise. For the three financial years ended 31 December 2023, the aggregate gross floor area of the office premises leased by the

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Group from the Chu Family's Controlled Entities amounted to approximately 6,944 sq.m., whereas for the three financial years ending 31 December 2026, the aggregate gross floor area of the office premises and multi-purpose spaces which the Group expects to lease from the Chu Family's Controlled Entities amount to approximately 99,199 sq.m., and of which, approximately 93.0% is multi-purpose spaces. It is also estimated that the lease payments in respect of multi-purpose spaces will account for approximately 91.2% of the aggregate lease payments payable by the Group to the Chu Family's Controlled Entities under Transaction 3 for the three financial years ending 31 December 2026. Accordingly, due primarily to the additional leasing of multi-purpose spaces, the proposed annual caps for Transaction 3 for the three financial years ending 31 December 2026 have increased significantly when compared to the historical transaction amounts for the three financial years ended 31 December 2023. The year-on-year fluctuation in the proposed annual caps for Transaction 3 for the three financial years ending 31 December 2026 is primarily due to the varying locations and estimated area of premises to be leased by the Group, as well as the frequency of use of the multi-purpose spaces by the Group for each of the three financial years ending 31 December 2026.

Transaction 4 — Administrative procurement and vehicles procurement

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; and (ii) the scope and level of demand for administrative services and supplies, as well as vehicles for the three financial years ending 31 December 2026.

The amount of fees payable by the Group are directly related to the Group's scope and level of demand for administrative services and supplies, as well as vehicles. With respect to the proposed annual caps for Transaction 4 for the three financial years ending 31 December 2026, the proposed annual cap for the financial year ending 31 December 2024 is expected to be highest, as the Group expects to make the majority of vehicles procurement in that financial year and the vehicles are expected to be used for more than three years, and hence this results in higher estimated procurement costs when compared to that for the two financial years ending 31 December 2026.

Transaction 5 — Information technology related services

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the scope and extent of the services to be provided by the Chu Family's Controlled Entities to the Group; and (iii) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of fees payable by the Group are directly related to the scope and level of the information technology related services required by the Group. The proposed annual caps for Transaction 5 for the three financial years ending 31 December 2026 are generally higher than the historical transaction amounts for the three financial years ended 31 December 2023, as the Group expects to have greater demand for the

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information technology related services in support of its expanding informatisation initiatives during the three financial years ending 31 December 2026. During the three financial years ended 31 December 2023, the Chu Family's Controlled Entities generally provided upgrade and maintenance services on an ad hoc basis as and when the Group required such services for its information technology systems. For the three financial years ending 31 December 2026, as the Group's information technology systems become more developed and complex, to ensure the ongoing integrity and security of the Group's information technology systems, and to safeguard against potential cyber threats and malfunctions, the Group considers it crucial to have upgrade and maintenance services for its software, hardware, networks and information technology infrastructure on a more regular basis. The Group plans to at least schedule quarterly upgrade and maintenance services for its information technology systems during the three financial years ending 31 December 2026. When compared to the three financial years ended 31 December 2023, the Group on average requested the Chu Family's Controlled Entities to provide similar upgrade and maintenance services two times a year. As such, it is expected that the Chu Family's Controlled Entities will provide the information technology related services more frequently under Transaction 5 during the three financial years ending 31 December 2026, which contributes to higher proposed annual caps for the same period. The proposed annual caps for Transaction 5 are expected to increase each year during the three financial years ending 31 December 2026, with an increment of an average of approximately RMB12,325,000 each year, having regard to the anticipated increase in demand for new system upgrades, maintenance and support services as the Group's information technology systems become more sophisticated over the years, as well as the business and informatisation plans of the Group for a particular year.

Transaction 6 — Management of urban renewal projects and property development projects

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the scale of urban renewal and redevelopment and property development works expected to be carried out; and (iii) the aggregate investment cost to be contributed by the Group for the said projects. Generally, the Chu Family's Controlled Entities will charge about 2% to 3% of the aggregate investment cost to be contributed by the Group in the relevant property development projects as management service fees under Transaction 6. Where cost consultancy services are also provided as part of the property development management services, the Chu Family's Controlled Entities will normally charge the consultancy fees based on a 20% reduction from the rates specified in the 《廣東省物價局關於調整我省建設工程造價諮詢服務收費的覆函》 (Reply letter in relation to the adjustment of the pricing of fee enquiries for construction projects of the Price Control Administrative Bureau of Guangdong Province[#]) issued by 廣東省物價局 (Price Control Administrative Bureau of Guangdong Province[#]) in 2011.

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The management fees payable by the Group are directly related to the scale of, and hence the scope and nature of works required for, the projects. There were no relevant historical transaction amounts for Transaction 6 for the three financial years ended 31 December 2023. The Group initially planned to carry out a property development project involving the urban renewal of Lingshan Village[#] (靈山村) during the three financial years ended 31 December 2023. Such project had experienced a halt due to pending government approvals, the process of which had been delayed partly due to the COVID-19 pandemic in previous years. It is expected that the requisite approvals for such project can be obtained by late 2025. Further, in view of the more favourable and supportive policies concerning the property development industry, both nationally in the PRC and locally in the Guangdong Province, as well as the improving market conditions, the Group plans to undertake various new urban renewal projects and property development projects during the three financial years ending 31 December 2026, as part of the Group's future business strategies and objectives. In view of the development schedules of these projects and having taken into account that most of the these projects are expected to commence preparatory works and prerequisite steps during the financial year ending 31 December 2024, and further proceed to the development stage in later years, the Group requires the Chu Family's Controlled Entities to provide various project management services under Transaction 6 from 2024 onwards. The proposed annual caps for Transaction 6 are expected to increase after the financial year ending 31 December 2024, as most of the projects are at the preparatory and commencement stage in 2024, and will progress to the development stage after the financial year ending 31 December 2024. Given that the progress and completion schedules of the projects are expected to be consistent throughout the two financial years ending 31 December 2026, the proposed annual caps for Transaction 6 remain relatively stable for the same period.

Transaction 7 — Building design

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the Directors' estimation of the aggregate sizes and types of the property development projects of the Chu Family's Controlled Entities for which building design work is proposed to be assigned to the Group based on the Directors' discussion with the Chu Family's Controlled Entities; and (iii) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of design fees receivable by the Group are directly related to the number and scale of the property development projects of the Chu Family's Controlled Entities which require the Group's building design services. The proposed annual caps for Transaction 7 for the three financial years ending 31 December 2026 are generally higher than the historical transaction amounts for the three financial years ended 31 December 2023, as the number and scale of properties under development by the Chu Family's Controlled Entities are greater for the three financial years ending 31 December 2026, and as such, the demand for the Group's building design services is expected to increase accordingly. Based on the Directors' discussion with the Chu Family's

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Controlled Entities, the Chu Family's Controlled Entities will continue to make efforts to expand their property development projects in the forthcoming years, as a strategic response to the evolving market conditions and as part of their plans to recover and revive their business which had been partially affected by the COVID-19 pandemic in previous years. Such expansion plan is expected to increase the number and scale of properties to be delivered, and in turn the Chu Family's Controlled Entities' demand for the Group's building design services under Transaction 7 during the three financial years ending 31 December 2026. In particular, it is estimated that the Group will provide building design services to certain residential and commercial property development projects of the Chu Family's Controlled Entities in regions including Xi'an, Beijing, Guangzhou, Shanghai, Chengdu and Shenzhen, which in aggregate have an estimated gross floor area of approximately 9,905,675 sq.m. and such projects are expected to be completed in the three financial years ending 31 December 2026. The year-on-year fluctuation in the proposed annual caps for Transaction 7 for the three financial years ending 31 December 2026 is primarily due to the varying work progress and completion schedules of the properties under development.

Transaction 8 — Property management and related services

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the expected number of properties and aggregate gross floor area thereof that the Chu Family's Controlled Entities require property management and related services; (iii) the costs incurred for the provision of such property management and related services by the Group; and (iv) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of management fees receivable by the Group are directly related to the number and scale of properties under management, and the nature of services required for such properties. The proposed annual caps for Transaction 8 for the three financial years ending 31 December 2026 have increased significantly when compared to the historical transaction amounts for the three financial years ended 31 December 2023, as it is expected that (i) there will be an increase in the number and scale of properties which require the Group's property management and related services under Transaction 8 due to an expected increase in completed property development projects of the Chu Family's Controlled Entities; and (ii) the scope of services to be provided to the Chu Family's Controlled properties under Transaction 8 will be expanded to include value-added property services, refurbishment and renovation services, on-site services for sale centres and presentation centres, consultancy services and promotion services for new properties. As mentioned above, the Chu Family's Controlled Entities have plans to expand their property development projects in the forthcoming years. Such expansion plan is expected to increase the number and scale of properties to be completed, and in turn the Chu Family's Controlled Entities' demand for the Group's property management and related services under Transaction 8 during the three financial years ending 31 December 2026. In particular, it is expected that the Group will manage 61 vacant

LETTER FROM THE BOARD

properties of the Chu Family's Controlled Entities in regions including the Guangdong province, Zhejiang province, Hebei province, Tianjin, Beijing and Shanghai, which in aggregate have an estimated gross floor area of approximately 976,750 sq.m, 832,366 sq.m. and 752,089 sq.m. in each of the three financial years ending 31 December 2026. The proposed annual caps for Transaction 8 are expected to increase each year during the three financial years ending 31 December 2026, as it is expected that the estimated gross floor area of the Chu Family's Controlled Entities' properties under the Group's management will increase throughout the same period.

Transaction 9 — Office and shop lease

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the proposed lease premises identified and the aggregate size thereof; and (iii) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of rent receivable by the Group is directly related to the number, size and location of the premises to be leased by the Chu Family's Controlled Entities. The proposed annual caps for Transaction 9 for the three years ending 31 December 2026 are generally lower than the historical transaction amounts for the three financial years ended 31 December 2023 as there is a change in demand for the premises from the Chu Family's Controlled Entities. The proposed annual caps for Transaction 9 are expected to increase each year during the three financial years ending 31 December 2026, as it is expected that the gross floor area of the premises to be leased by the Chu Family's Controlled Entities will increase throughout the same period.

Transaction 10 — Operational and building management

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the Directors' estimation of the number and size of the property development projects of the Chu Family's Controlled Entities which require the Group's services based on the Directors' discussion with the Chu Family's Controlled Entities; (iii) the estimated total construction costs, cost of services and expenses of the aforesaid property development projects; and (iv) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of fees receivable by the Group are directly related to the number and scale of the property development projects of the Chu Family's Controlled Entities which require operational and building management services from the Group. The proposed annual caps for Transaction 10 for the three financial years ending 31 December 2026 have increased when compared to the historical transaction amounts for the three financial years ended 31 December 2023, as the number and scale of the property development projects of the Chu Family's Controlled Entities are expected to be greater for the three financial years ending 31 December 2026, and as such, the demand of the Chu Family's Controlled Entities for the Group's services under Transaction 10 is

LETTER FROM THE BOARD

expected to increase accordingly. As mentioned above, the Chu Family's Controlled Entities have plans to expand their property development projects in the forthcoming years. Such expansion plan is expected to increase the number and scale of property projects to be developed, and in turn the Chu Family's Controlled Entities' demand for the Group's operational and building management services under Transaction 10 during the three financial years ending 31 December 2026. In particular, it is expected that the Group will provide operational and building management services to 60 property development projects of the Chu Family's Controlled Entities, which in aggregate have an estimated gross floor area of approximately 9,616,992 sq.m. for the three financial years ending 31 December 2026. The proposed annual caps for Transaction 10 are expected to increase each year during the three financial years ending 31 December 2026, as the number and scale of the property development projects of the Chu Family's Controlled Entities are expected to increase throughout the same period.

Transaction 11 — Construction

The proposed annual caps were determined based on (i) the relevant pricing basis under the 2024 Framework Agreement; (ii) the approximate aggregate gross floor area of the property development projects of the Chu Family's Controlled Entities to be carried out by the Group located in Beijing, Tianjin, Kunshan, Taicang and Guangzhou; (iii) the proportion of the relevant construction projects expected to be completed in each of the three financial years ending 31 December 2026; (iv) the scope and scale of works required from the Group based on the estimated completion schedule; and (v) the terms and scale of the historical transactions and the historical transaction amounts.

The amount of construction fees receivable by the Group are directly related to the number and scale, and hence the aggregate gross floor area, of the Chu Family's Controlled Entities' property development projects which require the Group's construction services. The proposed annual caps for Transaction 11 for the three financial years ending 31 December 2026 have increased significantly when compared to the historical transaction amounts for the three financial years ended 31 December 2023, as the number and scale, and hence the aggregate gross floor area, of the Chu Family's Controlled Entities' property development projects which require construction services under Transaction 11 are expected to increase substantially for the three financial years ending 31 December 2026. As mentioned above, the Chu Family's Controlled Entities have plans to expand their property development projects in the forthcoming years. Such expansion plan is expected to increase the number and scale of property projects to be developed, and in turn the Chu Family's Controlled Entities' demand for the Group's construction services under Transaction 11 during the three financial years ending 31 December 2026. In particular, it is expected that the Group will provide construction services to certain property projects of the Chu Family's Controlled Entities in regions including Beijing, Tianjin, Kunshan, Taicang and Guangzhou, which in aggregate have an estimated gross floor area of approximately 2,525,222 sq.m., 2,203,897 sq.m. and 1,414,709 sq.m. in each of the three financial years ending 31 December 2026. The

LETTER FROM THE BOARD

proposed annual caps for Transaction 11 are expected to decline after the financial year ending 31 December 2024, which is primarily due to the completion status of the property development projects, for example, some of the property development projects are expected to reach completion during the financial year ending 31 December 2024 and thus no further construction fees are expected to be received from such projects in the two financial years ending 31 December 2026.

G. HISTORICAL TRANSACTION AMOUNTS OF THE 2024–2026 TRANSACTIONS

Set out below are the annual caps, the actual transaction amounts and the utilisation rates (in terms of RMB) of the transactions which were also carried out between the Group and the Chu Family's Controlled Entities under the 2021 Framework Agreement for the three financial years ended 31 December 2023.

| Transactions | Year ended 31 December 2021 | | | Year ended 31 December 2022 | | | Year ended 31 December 2023 | | |
|--|---|---|------------------|---|---|------------------|---|---|------------------|
| | Annual caps | Approximate transaction amount | Utilisation rate | Annual caps | Approximate transaction amount | Utilisation rate | Annual caps | Approximate transaction amount | Utilisation rate |
| 1. Transaction 1 — Construction (i.e. Transaction 1 of 2024–2026 Transactions) | RMB1,311,460,000 (equivalent to approximately HK\$1,442,606,000) | RMB676,274,000 (equivalent to approximately HK\$743,901,000) | 51.57% | RMB1,582,620,000 (equivalent to approximately HK\$1,740,882,000) | RMB427,160,000 (equivalent to approximately HK\$469,876,000) | 26.99% | RMB1,308,040,000 (equivalent to approximately HK\$1,438,844,000) | RMB45,872,000 (equivalent to approximately HK\$50,459,000) | 3.51% |
| 2. Transaction 2 — Consultancy service on cost control for construction work (i.e. Transaction 2 of 2024–2026 Transactions) | RMB39,090,000 (equivalent to approximately HK\$42,999,000) | RMB4,972,000 (equivalent to approximately HK\$5,469,000) | 12.72% | RMB34,150,000 (equivalent to approximately HK\$37,565,000) | RMB23,546,000 (equivalent to approximately HK\$25,901,000) | 68.95% | RMB36,700,000 (equivalent to approximately HK\$40,370,000) | RMB5,736,000 (equivalent to approximately HK\$6,310,000) | 15.63% |
| 3. Transaction 3 — Office lease (i.e. Transaction 3 of 2024–2026 Transactions) | RMB13,180,000 (equivalent to approximately HK\$14,498,000) | RMB12,700,000 (equivalent to approximately HK\$13,970,000) | 96.36% | RMB13,650,000 (equivalent to approximately HK\$15,015,000) | RMB12,527,000 (equivalent to approximately HK\$13,780,000) | 91.77% | RMB13,440,000 (equivalent to approximately HK\$14,784,000) | RMB12,851,000 (equivalent to approximately HK\$14,136,000) | 95.62% |
| 4. Transaction 4 — Information technology related services and ERP Systems services (i.e. Transaction 5 of 2024–2026 Transactions) | RMB126,600,000 (equivalent to approximately HK\$139,260,000) | RMB78,390,000 (equivalent to approximately HK\$86,229,000) | 61.92% | RMB83,880,000 (equivalent to approximately HK\$92,268,000) | RMB56,037,000 (equivalent to approximately HK\$61,641,000) | 66.81% | RMB94,390,000 (equivalent to approximately HK\$103,829,000) | RMB42,945,000 (equivalent to approximately HK\$47,240,000) | 45.50% |
| 5. Transaction 5 — Marketing services | RMB987,900,000 (equivalent to approximately HK\$1,086,690,000) | RMB339,843,000 (equivalent to approximately HK\$373,827,000) | 34.40% | RMB1,458,890,000 (equivalent to approximately HK\$1,604,779,000) | RMB72,492,000 (equivalent to approximately HK\$79,741,000) | 4.97% | RMB2,468,650,000 (equivalent to approximately HK\$2,715,515,000) | RMB7,375,000 (equivalent to approximately HK\$8,113,000) | 0.30% |
| 6. Transaction 6 — Management of a property development project (i.e. Transaction 6 of 2024–2026 Transactions) | RMB47,460,000 (equivalent to approximately HK\$52,206,000) | Nil | 0% | RMB15,820,000 (equivalent to approximately HK\$17,402,000) | Nil | 0% | RMB63,280,000 (equivalent to approximately HK\$69,608,000) | Nil | 0% |
| 7. Transaction 7 — Building design (i.e. Transaction 7 of 2024–2026 Transactions) | RMB244,220,000 (equivalent to approximately HK\$268,642,000) | RMB71,205,000 (equivalent to approximately HK\$78,326,000) | 29.16% | RMB200,130,000 (equivalent to approximately HK\$220,143,000) | RMB168,971,000 (equivalent to approximately HK\$185,868,000) | 84.43% | RMB108,390,000 (equivalent to approximately HK\$119,229,000) | RMB27,963,000 (equivalent to approximately HK\$30,759,000) | 25.80% |
| 8. Transaction 8 — Management of vacant properties (i.e. Transaction 8 of 2024–2026 Transactions) | RMB72,170,000 (equivalent to approximately HK\$79,387,000) | RMB55,927,000 (equivalent to approximately HK\$61,520,000) | 77.49% | RMB76,550,000 (equivalent to approximately HK\$84,205,000) | RMB55,738,000 (equivalent to approximately HK\$61,312,000) | 72.81% | RMB85,830,000 (equivalent to approximately HK\$94,413,000) | RMB51,287,000 (equivalent to approximately HK\$56,416,000) | 59.75% |
| 9. Transaction 9 — Office lease (i.e. Transaction 9 of 2024–2026 Transactions) | RMB87,120,000 (equivalent to approximately HK\$95,832,000) | RMB27,115,000 (equivalent to approximately HK\$29,827,000) | 31.12% | RMB96,100,000 (equivalent to approximately HK\$105,710,000) | RMB24,748,000 (equivalent to approximately HK\$27,223,000) | 25.75% | RMB98,300,000 (equivalent to approximately HK\$108,130,000) | RMB8,370,000 (equivalent to approximately HK\$9,207,000) | 8.51% |

LETTER FROM THE BOARD

| Transactions | Year ended 31 December 2021 | | | Year ended 31 December 2022 | | | Year ended 31 December 2023 | | |
|--|---|---|------------------|---|---|------------------|---|---|------------------|
| | Annual caps | Approximate transaction amount | Utilisation rate | Annual caps | Approximate transaction amount | Utilisation rate | Annual caps | Approximate transaction amount | Utilisation rate |
| 10. Transaction 10 — Operational and building management (i.e. Transaction 10 of 2024–2026 Transactions) | RMB2,191,230,000 (equivalent to approximately HK\$2,410,353,000) | RMB208,424,000 (equivalent to approximately HK\$229,266,000) | 9.51% | RMB2,020,700,000 (equivalent to approximately HK\$2,222,770,000) | RMB165,048,000 (equivalent to approximately HK\$181,553,000) | 8.17% | RMB1,491,160,000 (equivalent to approximately HK\$1,640,276,000) | RMB168,144,000 (equivalent to approximately HK\$184,958,000) | 11.28% |
| 11. Transaction 11 — Construction (i.e. Transaction 11 of 2024–2026 Transactions) | RMB1,025,950,000 (equivalent to approximately HK\$1,128,545,000) | RMB249,300,000 (equivalent to approximately HK\$274,230,000) | 24.30% | RMB482,540,000 (equivalent to approximately HK\$530,794,000) | RMB52,509,000 (equivalent to approximately HK\$57,760,000) | 10.88% | RMB153,020,000 (equivalent to approximately HK\$168,322,000) | RMB42,409,000 (equivalent to approximately HK\$46,650,000) | 27.71% |
| 12. Transaction 12 — Refurbishments and renovations | RMB53,420,000 (equivalent to approximately HK\$58,762,000) | RMB6,363,000 (equivalent to approximately HK\$6,999,000) | 11.91% | RMB37,440,000 (equivalent to approximately HK\$41,184,000) | Nil | 0% | RMB41,190,000 (equivalent to approximately HK\$45,309,000) | RMB1,795,000 (equivalent to approximately HK\$1,975,000) | 4.36% |
| 13. Transaction 13 — Smart technology services | RMB531,840,000 (equivalent to approximately HK\$585,024,000) | RMB505,387,000 (equivalent to approximately HK\$555,926,000) | 95.03% | RMB775,530,000 (equivalent to approximately HK\$853,083,000) | RMB67,729,000 (equivalent to approximately HK\$74,502,000) | 8.73% | RMB1,364,480,000 (equivalent to approximately HK\$1,500,928,000) | RMB82,203,000 (equivalent to approximately HK\$90,423,000) | 6.02% |

H. INFORMATION OF THE GROUP AND CHU FAMILY'S CONTROLLED ENTITIES

The Group is principally engaged in the property development, commercial properties investment, property management and infrastructure business in Chinese Mainland, and investments business. The 2024–2026 Transactions shall be carried out in the Group's ordinary and usual course of business.

The Chu's Controlled Entities are engaged in the construction of properties, public utilities and power transmission and transformation, and cost consultancy and supervisory services for construction works in the PRC. The Chu's Controlled Entities invest in various projects including infrastructure, land, energy and resources, new energy vehicles, pharmaceuticals, robots, electronics and telecommunications. They are also engaged in the sale and purchase of equipment for metallurgy, forging, mining and hydropower and the sale and purchase of other minerals, metals and construction materials.

A member of the Chu's Controlled Entities, namely, Guangdong Hanjiang, is classified as 房屋建築工程施工總承包壹級 (Property Construction First Class Main Contractor[#]) and 市政公用工程施工總承包貳級資質企業 (Level 2 Main Contractor for Municipal Public Construction Projects[#]) by the relevant government authority in the PRC. First class main contractors are qualified to undertake larger scale projects than non-first class contractors, while contractors may only be classified as a Level 2 main contractor upon fulfilling certain requirements prescribed by the relevant government authority in the PRC in relation to the contractor's total valuation, experience and qualifications. Guangdong Hanjiang offers a comprehensive range of services, employing experts to manage and control the quality, safety and costs of their construction projects with modern management methods. Guangdong Hanjiang is a reputable contractor in the industry, has a proven track record and possesses the relevant technical capabilities and expertise in handling a wide range of construction projects.

LETTER FROM THE BOARD

Relying on technologies such as big data and artificial intelligence, Mr. M.Y. Chu's Controlled Entities are committed to building an ecological platform for technology empowerment, and intends to become a multi-business, all-round technical solution and service provider.

The Group has conducted market research and is of the view that the pricing offered by the Chu Family's Controlled Entities is highly competitive.

I. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE 2024 FRAMEWORK AGREEMENT

The purpose of entering into the 2024 Framework Agreement is to regulate the 2024–2026 Transactions which are recurrent, regular and continuing in nature between the Group and the Chu Family's Controlled Entities. The Group has been transacting with the Chu Family's Controlled Entities since 2003. Over the years, the Group and the Chu Family's Controlled Entities have built up a close and good working relationship. Further, given the proven track record, qualification, expertise, reputation, experience and highly competitive pricing of the Chu Family's Controlled Entities, the Group is of the view that the continued appointment of the Chu Family's Controlled Entities for the provision of services under Transactions 1, 2, 5 and 6, the leasing of premises from the Chu Family's Controlled Entities under Transaction 3 and the new appointment of the Chu Family's Controlled Entities for the administrative procurement and vehicles procurement under Transaction 4, are in the interests of the Company and its Shareholders as a whole.

In view of the long-term and good working relationship between the Group and the Chu Family's Controlled Entities and their good payment records in the past transactions, the Company considers that the continued provision of services under Transactions 7, 8, 10 and 11 and the leasing of office and shop premises to the Chu Family's Controlled Entities under Transaction 9, on normal commercial terms or better, would generate a steady income source to the Group and are in the interests of the Company and its Shareholders as a whole.

The entering into of the 2024 Framework Agreement will provide a single basis on which the Company shall comply with the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules, thereby reducing the Company's administrative burden and costs for complying with such requirements in relation to the execution of a separate sales contract or agreement for each of the engagements/orders/leases under each of the 2024–2026 Transactions.

The Directors consider that (1) the 2024–2026 Transactions will be carried out in the ordinary and usual course of business of the Group and on normal commercial terms or better so far as the Group is concerned; and (2) having considered the bases and principles for determining the pricing and other terms for the 2024–2026 Transactions, the terms of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

J. LISTING RULES IMPLICATIONS

Mr. Chu is the controlling shareholder of the Company. Both Mr. Y.H. Chu and Mr. W.H. Chu are the sons of Mr. Chu, the brothers of Ms. Chu and the cousins of Mr. Luo. In addition, as at the Latest Practicable Date, Mr. Y.H. Chu also indirectly owned approximately 18.31% of the Shares. Accordingly, each of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu is a connected person of the Company under the Listing Rules, and the 2024 Framework Agreement and the 2024–2026 Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Before the entry of the 2024 Framework Agreement, during the period from 1 January 2024 and up to the Latest Practicable Date, the Group has continued to carry out Transactions 2, 3, 7, 8, 9 and 11 of the 2024–2026 Transactions, and begun carrying out Transaction 4 of the 2024–2026 Transactions (i.e. the Existing 2024 Transactions), with the Chu Family's Controlled Entities. As none of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the Existing 2024 Transactions, exceeds 0.1%, the Existing 2024 Transactions are fully exempt from the shareholders' approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the Existing 2024 Transactions are aggregated with the 2024–2026 Transactions for the purposes of compliance with the relevant rules under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the 2024–2026 Transactions, both when calculated individually and when aggregated with the Existing 2024 Transactions, exceed 5%, the 2024 Framework Agreement and the 2024–2026 Transactions constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Company proposes to seek the Independent Shareholders' approval of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps for the three financial years ending 31 December 2026 at the SGM. Each of Sounda, Farrich, Ju Rong Investment and Ms. Chu will abstain from voting at the SGM, and such Shareholders collectively had 2,741,892,280 Shares, representing approximately 72.30% of the issued Shares as at the Latest Practicable Date. Votes of the Independent Shareholders at the SGM will be taken by poll.

The 2024 Framework Agreement and the 2024–2026 Transactions constitute continuing connected transactions for the Company due to Mr. Chu being the controlling shareholder of the Company and Mr. Y.H. Chu being a substantial shareholder of the Company, as well as the connections among Mr. Chu, Mr. Y.H. Chu, Mr. W.H. Chu, Ms. Chu and Mr. Luo. Ms. Chu abstained from voting on the resolutions relating to the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps which were considered and approved at a Board meeting held prior to Mr. Luo's appointment to the Board.

LETTER FROM THE BOARD

K. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps.

Pelican Financial, an independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps.

Your attention is drawn to the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders set out on pages 40 to 41 of this circular and the advice letter from Pelican Financial to the Independent Board Committee and the Independent Shareholders set out on pages 42 to 103 of this circular.

L. SGM

The SGM Notice is set out in Appendix II to this circular. At the SGM, an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps.

The Proxy Form is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the Proxy Form in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for the SGM (i.e. not later than Wednesday, 12 June 2024 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof. The completion and return of the Proxy Form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the Proxy Form shall be deemed to be revoked.

M. RECOMMENDATION

The Directors consider that the 2024 Framework Agreement and the 2024–2026 Transactions are on normal commercial terms or better so far as the Group is concerned and are in the ordinary and usual course of business of the Group, and the terms of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution at the SGM. Your attention is drawn to the letter from the Independent Board Committee set out on pages 40 to 41 of this circular and the letter from Pelican Financial set out on pages 42 to 103 of this circular.

LETTER FROM THE BOARD

N. GENERAL INFORMATION

Your attention is drawn to the general information set out in Appendix I to this circular.

By Order of the Board
Hopson Development Holdings Limited
Chu Kut Yung
Chairman



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

21 May 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to the circular dated 21 May 2024 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Independent Board Committee comprising Mr. Tan Leng Cheng, Aaron, Mr. Ching Yu Lung and Mr. Ip Wai Lun, William has been established to advise you in respect of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps, details of which are set out in the Circular. Pelican Financial has been appointed to advise the Independent Board Committee and the Independent Shareholders regarding the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps.

RECOMMENDATION

We wish to draw your attention to the Letter from the Board as set out on pages 5 to 39 of the Circular and the letter from Pelican Financial which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps as set out on pages 42 to 103 of the Circular.

Having taken into account the advice of Pelican Financial and the principal factors and reasons considered by Pelican Financial, we concur with the view of Pelican Financial and consider that the 2024 Framework Agreement and the 2024–2026 Transactions are on normal commercial terms or better so far as the Group is concerned and are in the ordinary and usual course of business of the Group, and the terms of the 2024 Framework Agreement, the 2024–2026

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution proposed at the SGM to approve the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Tan Leng Cheng, Aaron
Independent non-executive
Director

Ching Yu Lung
Independent non-executive
Director

Ip Wai Lun, William
Independent non-executive
Director

LETTER FROM PELICAN FINANCIAL

The following is the letter of advice from Pelican Financial to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purposes of inclusion in this circular.



PELICAN FINANCIAL LIMITED

28/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong

21 May 2024

*To the Independent Board Committee and the Independent Shareholders of
Hopson Development Holdings Limited*

Dear Sirs/Madams,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 21 May 2024 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As the Group expects to continue certain recurring transactions contemplated under the 2021 Framework Agreement and to enter into certain new recurring transactions with the Chu Family’s Controlled Entities in the three financial years ending 31 December 2026, the Company entered into the 2024 Framework Agreement with Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu to govern the 2024–2026 Transactions on 26 April 2024. The 2024 Framework Agreement succeeds the 2021 Framework Agreement, which expired on 31 December 2023.

LISTING RULES IMPLICATIONS

Mr. Chu is the controlling shareholder of the Company. Both Mr. Y.H. Chu and Mr. W.H. Chu are the sons of Mr. Chu and the brothers of Ms. Chu, as well as the cousins of Mr. Luo. In addition, as at the Latest Practicable Date, Mr. Y.H. Chu also indirectly owned approximately 18.31% of the Shares. Accordingly, each of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu is a connected person of the Company under the Listing Rules, the 2024 Framework Agreement and the 2024–2026 Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM PELICAN FINANCIAL

Before the entry of the 2024 Framework Agreement, during the period from 1 January 2024 and up to the Latest Practicable Date, the Group has continued to carry out Transactions 2, 3, 7, 8, 9 and 11 of the 2024–2026 Transactions, and begun carrying out Transaction 4 of the 2024–2026 Transactions (i.e. the Existing 2024 Transactions), with the Chu Family’s Controlled Entities. As none of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the Existing 2024 Transactions, exceeds 0.1%, the Existing 2024 Transactions are fully exempt from the shareholders’ approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the Existing 2024 Transactions are aggregated with the 2024–2026 Transactions for the purposes of compliance with the relevant rules under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the 2024–2026 Transactions, both when calculated individually and when aggregated with the Existing 2024 Transactions, exceed 5%, the 2024 Framework Agreement and the 2024–2026 Transactions constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, circular, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules.

Accordingly, the Company proposes to seek the Independent Shareholders’ approval of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps for the three financial years ending 31 December 2026 at the SGM. Each of Sounda, Farrich, Ju Rong Investment and Ms. Chu will abstain from voting at the SGM, and such Shareholders collectively had 2,741,892,280 Shares, representing approximately 72.30% of the issued Shares as at the Latest Practicable Date.

THE INDEPENDENT BOARD COMMITTEE

The Board currently comprises five executive Directors and three independent non-executive Directors. The Independent Board Committee, which currently comprises all independent non-executive Directors, namely Mr. Tan Leng Cheng, Aaron, Mr. Ching Yu Lung and Mr. Ip Wai Lun, William, has been established to advise the Independent Shareholders in respect of the terms of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

Pelican Financial is not connected with the Directors, chief executive or substantial shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, we had not been engaged by the Company for the provision of other services that would affect our independence. Apart from normal professional fees payable to

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us in connection with this appointment of us as independent financial adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders of the Company or any of their respective associates.

As at the Latest Practicable Date, there were no relationships or interests between us and the Group, the Chu Family's Controlled Entities or any of their respective substantial shareholders, directors or chief executives, or their respective associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. Accordingly, we consider that we are eligible to give independent advice on the entering into the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the 2024 Framework Agreement is carried out in the ordinary and usual course of business of the Group and is on normal commercial terms; (ii) whether the terms of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and whether they are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps at the SGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions which include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, with the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group (including those related to the Chu Family's Controlled Entities). The documents reviewed include the 2024 Framework Agreement (together with the relevant announcement of the Company dated 26 April 2024), the 2021 Framework Agreement (together with the relevant announcement and circular of the Company dated 30 April 2021 and 9 June 2021 respectively), the annual report of the Company for the financial year ended 31 December 2023 (the “**2023 Annual Report**”), and the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

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The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps, we have considered the following principal factors and reasons.

1. Background of the 2024 Framework Agreement

As the 2021 Framework Agreement expired on 31 December 2023 and the Group expects to continue certain recurring transactions contemplated under the 2021 Framework Agreement and to enter into certain new recurring transactions with the Chu Family's Controlled Entities in the three financial years ending 31 December 2026, the Company entered into the 2024 Framework Agreement with Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu to govern the 2024–2026 Transactions on 26 April 2024.

Set out below is a summary description of the 2024–2026 Transactions pursuant to the 2024 Framework Agreement.

(a) *Services and products to be provided/premises to be leased by the Chu Family's Controlled Entities to the Group pursuant to the 2024 Framework Agreement:*

Construction ("Transaction 1")

The appointment of the Chu Family's Controlled Entities by the Group to carry out construction works and other related or similar services for certain property development projects of the Group.

Cost consultancy services for construction works ("Transaction 2")

The appointment of the Chu Family's Controlled Entities by the Group to provide the Group with cost consultancy services for its construction works.

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Office and multi-purpose space lease (“Transaction 3”)

The lease of (i) certain premises located in regions including Beijing, Guangzhou, Shanghai and Chengdu by the Chu Family’s Controlled Entities to the Group for office use; and (ii) certain multi-purpose spaces located in regions including Beijing, Chengdu, Xi’an, Shanghai, Guangzhou and Shenzhen by the Chu Family’s Controlled Entities to the Group.

Pursuant to Hong Kong Financial Reporting Standard 16, the lease payment under Transaction 3 will be recognised by the Group as a right-of-use asset, and hence Transaction 3 will be regarded as a one-off connected acquisition of a right-of-use asset by the Group under Chapter 14A of the Listing Rules. Based on the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules, Transaction 3 constitutes a non-exempt connected transaction of the Company which is subject to the reporting, announcement, circular, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules. Please refer to the section headed “F. PROPOSED ANNUAL CAPS” of the Board Letter for more details. Given the continuing connected nature of Transaction 3 and as a good corporate governance measure, the parties have included Transaction 3 in the 2024 Framework Agreement.

Administrative procurement and vehicles procurement (“Transaction 4”)

The appointment of the Chu Family’s Controlled Entities by the Group to provide certain administrative services and supplies, as well as vehicles to the Group.

Information technology related services (“Transaction 5”)

The appointment of the Chu Family’s Controlled Entities by the Group to provide information technology related services and ERP Systems services to the Group.

Management of urban renewal projects and property development projects (“Transaction 6”)

The appointment of the Chu Family’s Controlled Entities by the Group to provide services to the Group in relation to the management of certain urban renewal projects and property development projects of the Group.

(b) *Services to be provided/premises to be leased by the Group to the Chu Family’s Controlled Entities pursuant to the 2024 Framework Agreement:*

Building design (“Transaction 7”)

The appointment of the Group by the Chu Family’s Controlled Entities to provide building design services for certain property development projects of the Chu Family’s Controlled Entities.

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Property management and related services (“Transaction 8”)

The appointment of the Group by the Chu Family’s Controlled Entities to provide property management and related services to properties of certain property development projects of the Chu Family’s Controlled Entities.

Office and shop lease (“Transaction 9”)

The lease of certain premises located in regions including Guangzhou, Chengdu, Beijing and Xi’an by the Group to the Chu Family’s Controlled Entities for use as offices and shops.

Operational and building management (“Transaction 10”)

The appointment of the Group by the Chu Family’s Controlled Entities to provide operational and building management services for certain property development projects of the Chu Family’s Controlled Entities.

Construction (“Transaction 11”)

The appointment of the Group by the Chu Family’s Controlled Entities to provide construction services for certain property development projects of the Chu Family’s Controlled Entities.

2. Principal terms of the 2024 Framework Agreement

As set out in the 2024 Framework Agreement, (i) each of Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu shall procure the relevant member(s) of the Chu Family’s Controlled Entities or their respective sub-contractors to provide the services and products (other than Transaction 3) set out in Section 1(a) of this letter above and shall procure the relevant member(s) of the Chu Family’s Controlled Entities to lease certain office premises and multi-purpose spaces to the Group; (ii) the Company shall procure the relevant member(s) of the Group or their respective sub-contractors to perform the services (other than Transaction 9) set out in Section 1(b) of this letter above and shall procure the relevant member(s) of the Group to lease certain office and shop premises to the Chu Family’s Controlled Entities.

The 2024 Framework Agreement is for a term commencing from the date when it becomes unconditional and ending on 31 December 2026. The 2024 Framework Agreement is conditional upon the Company having obtained the approval of the Independent Shareholders at a general meeting of the Company.

In respect of the engagement for each of the 2024–2026 Transactions, each of the Company, Mr. Chu, Mr. Y.H. Chu and Mr. W.H. Chu shall procure the relevant members of the Group and the Chu Family’s Controlled Entities to enter into a separate sales contract or agreement for each of the engagements/orders/leases in respect of each of the 2024–2026 Transactions. The sales contracts or agreements shall contain specific terms of the engagements/orders/leases which are consistent

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with the terms and principles set forth in the 2024 Framework Agreement. In general, the terms of the engagements/orders/leases in respect of the 2024–2026 Transactions must be fair and reasonable so far as the Group is concerned and each individual sales contract or agreement that the Group and the Chu Family’s Controlled Entities shall enter into must pass through the Group’s internal approval procedures in order to ensure that each of the engagements/orders/leases in respect of each of the 2024–2026 Transactions shall be conducted on normal commercial terms or better than those offered by Independent Third Parties so far as the Group is concerned.

Pricing policy for services to be provided/premises to be leased by the Group to the Chu Family’s Controlled Entities pursuant to the 2024 Framework Agreement

The fees for services to be provided and the rents for premises to be leased by the Group to the Chu Family’s Controlled Entities shall be in line with the prevailing market prices and rents, and shall conform with the prescribed prices if there are applicable pricing standards and guidelines prescribed by the relevant local and governmental authorities.

For the purpose of determining the prevailing market prices (with respect to services to be provided by the Group) and market rents (with respect to premises to be leased by the Group), the cost centre of the Group is responsible for obtaining and comparing the quotations and bids from the suppliers, service providers and real estate agents and further conducting research and collecting relevant market data from publicly available information to gather the prices for similar services and the rents for similar types of premises located in nearby areas or premises of the same grading which are offered by Independent Third Parties. The cost centre of the Group is also responsible for maintaining and regularly updating a database of the service fees and rents charged by the Group to its customers (including the Chu Family’s Controlled Entities and other customers who are Independent Third Parties).

Before entering into a separate sales contract or agreement, the relevant operational team of the Group will prepare a fee proposal for the services to be provided/premises to be leased to the Chu Family’s Controlled Entities. The relevant operational team will assess and evaluate the scope and scale of the services (with respect to services to be provided the Group) and the location, size and grading of the lease properties (with respect to premises to be leased by the Group) and prepare the fee proposal having taken into account a range of factors, including, among others, expected volume of works or services, expected cost of services, materials and labour to be incurred, technical requirements, expertise required, location, size and grading of the properties, expected risk factors and expected profit margin (as the case may be), as well as the relevant market information, including the fee quotes offered by the Group to at least two other customers and lessees who are Independent Third Parties and the market prices/rents charged by at least two Independent Third Parties for comparable services/leases in the market (the “comparison analysis”). The fee proposal, together with the individual sales contract or agreement (containing the prices and terms of the transactions) and the comparison analysis will then be submitted to the head of the relevant operational team for review and approval.

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3. Internal control measures

To ensure that the terms of the individual sales contract or agreement in respect of the 2024–2026 Transactions proposed to be entered into by the Group are fair and reasonable, are on normal commercial terms or better so far as the Group is concerned and in accordance with the Group’s pricing policy, the cost centre of the Group shall, before the Group enters into any individual sales contract or agreement in respect of the 2024–2026 Transactions with the Chu Family’s Controlled Entities, first obtain quotations and terms for providing services/products/leases of similar level and types from at least two Independent Third Parties for reference. The relevant operational team of the Group shall then review and evaluate the terms proposed to be offered by/to the Chu Family’s Controlled Entities to/by the Group and compare such terms with (i) the quotations obtained from the Independent Third Parties and (ii) with respect to services to be provided/premises to be leased by the Group to the Chu Family’s Controlled Entities under Transactions 7 to 11, the fee quotes offered by the Group to at least two other customers and lessees who are Independent Third Parties. The relevant operational team shall then prepare the comparison analysis. The head of such operational team shall be responsible for approving the individual sales contract or agreement in respect of the 2024–2026 Transactions that the Group enters into with the Chu Family’s Controlled Entities in order to ensure that each of the engagements/orders/leases in respect of each of the 2024–2026 Transactions shall be conducted on normal commercial terms or better than those offered by/to Independent Third Parties so far as the Group is concerned and in accordance with the Group’s pricing policy. Further, the legal department of the Group shall assist with the negotiation of contract terms and handle the legal aspects of the individual sales contract or agreement. Senior executives of the Group shall be responsible for signing the individual sales contract or agreement for and on behalf of the relevant members of the Group.

In the event that market quotations and terms for providing services/products/leases of a similar level and type from at least two Independent Third Parties are not available, for the purpose of ensuring that each of the engagements/orders/leases in respect of each of the 2024–2026 Transactions are conducted on normal commercial terms or better than those offered by Independent Third Parties so far as the Group is concerned and in accordance with the Group’s pricing policy, the cost centre of the Group shall instead review and evaluate the terms proposed to be offered by/to the Chu Family’s Controlled Entities to/by our Group by comparing such terms against the terms of existing sales contracts or agreements entered into by the Group with Independent Third Parties (if any) for similar services/products/leases, while the relevant operational team will also take into account the Group’s own assessment based on its experience and knowledge of current market conditions and practices and the prevailing market terms.

The cost centre of the Group shall request the relevant operational teams of the Group to report the actual transaction amounts incurred for each of the relevant 2024–2026 Transactions on a regular basis, monitor the aggregate transaction amounts incurred on a regular basis to ensure that the Annual Caps in respect of the 2024–2026 Transactions are not exceeded and shall perform checks regularly on a quarterly basis to ensure compliance with and effectiveness of the pricing policies.

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In addition, the cost centre of the Group shall regularly collect and keep the relevant operational team informed of the applicable standards and guidelines published by the relevant governmental authorities in the PRC that are relevant to the 2024–2026 Transactions in order to ensure that such transactions are conducted in accordance with the established pricing policy where such standards and guidelines are applicable.

The independent non-executive Directors will conduct an annual review of the 2024–2026 Transactions and confirm in the Company’s annual report in accordance with Rule 14A.55 of the Listing Rules. The auditors of the Company will also conduct an annual review and report on the 2024–2026 Transactions in accordance with Rule 14A.56 of the Listing Rules.

In considering whether the internal control measures adopted by the Group as set out above are adequate and effective, we have selected four out of a total of seven Existing 2024 Transactions through random sampling, which we believe the sample size of four transactions is fair and representative as it covers both directions of services, represents a diverse range of services, ensures an unbiased selection through random sampling, and constitutes a majority of the total Existing 2024 Transactions, providing a reliable basis for our assessment. We have walked through the internal control systems for two of the Existing 2024 Transactions that involving services and products to be provided/premises to be leased by the Chu Family’s Controlled Entities to the Group pursuant to the 2024 Framework Agreement, selected on a random sampling basis, namely transactions 2 under the 2021 Framework Agreement and a new transaction under the 2024 Framework Agreement, which are referred to as Transaction 2 (Cost consultancy services for construction works) and Transaction 4 (Administrative procurement and vehicles procurement) under the 2024 Framework Agreement. As discussed earlier in this letter, Transaction 2 regards the appointment of the Chu Family’s Controlled Entities by the Group to provide cost consultancy services for the Group’s construction works, while Transaction 4 regards the appointment of the Chu Family’s Controlled Entities by the Group to provide certain administrative services and supplies, as well as vehicles to the Group.

Additionally, we have conducted a detailed review the internal control systems for two further Existing 2024 Transactions involving services to be provided/premises to be leased by the Group to the Chu Family’s Controlled Entities pursuant to the 2024 Framework Agreement, selected on a random sampling basis, namely transactions 7 and 8 under the 2021 Framework Agreement, which are referred to as Transaction 7 (Building design) and Transaction 8 (Property management and related services) under the 2024 Framework Agreement. As discussed earlier in this letter, Transaction 7 regards the appointment of the Group by the Chu Family’s Controlled Entities to provide building design services for certain property development projects of the Chu Family’s Controlled Entities, while Transaction 8 regards the appointment of the Group by the Chu Family’s Controlled Entities to provide property management and related services to properties of certain property development projects of the Chu Family’s Controlled Entities.

We understand that the Group will obtain quotations and terms for providing services/products/leases of similar level and types from at least two Independent Third Parties for reference before entering into any individual sales contract or agreement with the Chu Family’s Controlled

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Entities. In this regard, we have, on a random basis, obtained relevant supporting documents for each selected transaction including, amongst others, at least three relevant quotations from Independent Third Parties, the approvals from the relevant operational team, the relevant standards and guidelines published by the relevant governmental authorities in the PRC and maintained by the cost centre and records of the actual transaction amounts incurred. We consider the samples selected are fair and representative for the purpose of assessing internal control procedures and the principal terms (including the pricing terms) of the randomly selected transactions under the 2024 Framework Agreement, as the samples cover various types of services, products and leases, providing a comprehensive view of the transactions under the 2024 Framework Agreement. We confirm that the samples we have reviewed are in accordance with the Group's pricing policy. Our review shows that the historical payments made by the Group to the Chu Family's Controlled Entities were comparable to, or no more favorable than the price of the quotations from Independent Third Parties. Similarly, the payments made by the Chu Family's Controlled Entities to the Group were also comparable to, or no less favorable than the price of the quotations from Independent Third Parties. Furthermore, it is noted that the records documenting the evaluation of quotations from Independent Third Parties are comprehensive. These records include details such as the reviewing department, the specific approval personnel, the time of approval and evaluative comments made during the process. It is also noted that the approval process of each quotation begins with a request initiation, and involves multiple levels of review, from project officers to department heads, ensuring alignment with business objectives and financial compliance. Contract terms and negotiations are handled by the legal department, while contract signing is executed by a senior executive to maintain impartiality. This segregation of duties ensures that each step of the approval process is handled by the appropriate personnel, minimizing the risk of conflicts of interest or improper influence.

We noted that the price and terms of the quotations from Independent Third Parties are in line with the latest standards and guidelines published by the relevant governmental authorities in the PRC. As the quotations serve as a reference point, the individual sales contract or agreement between the Group and the Chu Family's Controlled Entities will also adhere to these standards and guidelines. This alignment ensures that the transactions between the Group and the Chu Family's Controlled Entities are conducted on fair and reasonable terms, in line with market practices and regulatory requirements. Based on our review of the information and the examination of the internal control system, we are satisfied that the internal control measures have been properly maintained by the Group and that the transactions contemplated under have been conducted on normal commercial terms, or better than, the relevant market rates.

Given that (i) each individual sales contract in respect of the 2024–2026 Transactions (for both payable and receivable agreements) with the Chu Family's Controlled Entities will continue to be compared with the price and terms of similar services/products/leases provided by/to Independent Third Parties to ensure that the engagements in respect of each of the 2024–2026 Transactions will be conducted on normal commercial terms or better; (ii) there is an appropriate segregation of duties in the approval process in each of the engagements; (iii) there is a monitoring system in place to ensure that the Annual Caps are not exceeded from time to time; and (iv) the pricing and the Annual Caps will be annually reviewed by the auditors of the Company and the

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independent non-executive Directors, we are satisfied that the internal control measures adopted by the Group will ensure that the price and terms of the engagement with the Chu Family's Controlled Entities will continue to be on normal commercial terms and comparable to, or better than, the market rates and that an effective system will continue to be in place to ensure the relevant Annual Caps will not be exceeded.

4. Background information of the Group and the Chu's Controlled Entities

4.1. Background information of the Group

The Group is principally engaged in the property development, commercial properties investment, property management and infrastructure business in Chinese Mainland, and investments business. Its property development and commercial properties investment are segregated into three main geographical areas, namely Southern China (including Guangzhou, Huizhou, Zhongshan, Yangshuo and Hong Kong), Northern China (including Beijing, Tianjin, Langfang, Dalian, Taiyuan and Qinhuangdao) and Eastern China (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang).

Set out below is a summary of the financial information of the Group for the two years ended 31 December 2022 and 31 December 2023 as extracted from the 2023 Annual Report.

| | For the financial year ended | |
|------------------------------------|-------------------------------------|-------------------|
| | 31 December | |
| | 2023 | 2022 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Audited) | (Audited) |
| <i>Revenue by business segment</i> | | |
| — Property development | 26,499,537 | 19,081,399 |
| — Commercial properties investment | 4,239,271 | 3,952,516 |
| — Property management | 1,395,193 | 2,989,241 |
| — Infrastructure | 2,308,801 | 3,439,021 |
| — Investment | (150,993) | (2,210,169) |
| Total revenue | 34,291,809 | 27,252,008 |
| Gross profit | 9,496,472 | 8,280,804 |
| Profit for the year | 3,404,220 | 9,093,185 |

According to the 2023 Annual Report, the Group recorded a revenue of approximately HK\$34,291.8 million for the year ended 31 December 2023, showing an increase of 25.8% compared with approximately HK\$27,252.0 million for the year ended 31 December 2022. The increase was mainly attributable to, among other things, (i) the increase in revenue from the property development segment, which continued to be the Group's core business activity and contributed 77.3% of the total revenue; and (ii) the decrease in investment losses.

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The Group's gross profit for the year ended 31 December 2023 was approximately HK\$9,496.5 million with a gross profit margin of 27.7%, increased from a gross profit of approximately HK\$8,280.8 million with a gross profit margin of 30.4% in the previous year. The decrease in gross profit margin was mainly due to the higher cost of projects delivered in the property development segment in 2023. Additionally, the Group's net profit for the year ended 31 December 2023 was approximately HK\$3,404.2 million, indicating a decrease of approximately HK\$5,689.0 million from approximately HK\$9,093.2 million for the year ended 31 December 2022. The decrease was mainly due to the decrease in fair value gain on investment properties of approximately HK\$7,576.5 million or 75.2% from approximately HK\$10,072.5 million for the year ended 31 December 2022.

As outlined in the 2023 Annual Report, the global economic landscape faced significant challenges including persistent inflation, rising interest rates, and geopolitical conflicts throughout 2023. In China, the real estate sector experienced a general downturn after a brief resurgence in transactions during the first quarter of 2023. Factors such as weak household income expectations and low confidence among homebuyers, along with the evolving risks among real estate companies, continued to impede the market's recovery. However, a significant shift occurred post-July, following a meeting of the Political Bureau of the Central Committee of the Chinese Communist Party. This meeting led to a series of regulatory relaxations aimed at supporting and stimulating the market to stabilize supply and demand. These policy adjustments prompted a gradual recovery in market confidence and home buying expectations, steering the real estate market towards stabilization.

For the year 2024, the Group remained committed to a long-term, prudent strategy of steady development. The Group anticipates a complex and volatile external political and economic environment in 2024. Nevertheless, with the Chinese government's continued implementation of economy-stabilizing policies, the economic growth is expected to normalize gradually. The central government's clear intention to stabilize the real estate market, as evidenced by the Central Economic Work Conference in December 2023, indicates a focus on risk prevention and the development of new growth models in real estate. This supportive environment, together with the Group's long-term and prudent strategy of steady development, is expected to increase its property sales and improve its financial performance in the coming years.

4.2. Background information of the Chu Family's Controlled Entities

The Chu's Controlled Entities are engaged in the construction of properties, public utilities and power transmission and transformation, and cost consultancy and supervisory services for construction works in the PRC. The Chu's Controlled Entities invest in various projects including infrastructure, land, energy and resources, new energy vehicles, pharmaceuticals, robots, electronics and telecommunications. They are also engaged in the sale and purchase of equipment for metallurgy, forging, mining and hydropower and the sale and purchase of other minerals, metals and construction materials.

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A member of the Chu's Controlled Entities, namely, Guangdong Hanjiang, is classified as 房屋建築工程施工總承包壹級 (Property Construction First Class Main Contractor[#]) and 市政公用工程施工總承包貳級資質企業 (Level 2 Main Contractor for Municipal Public Construction Projects[#]) by the relevant government authority in the PRC. First class main contractors are qualified to undertake larger scale projects than non-first class contractors, while contractors may only be classified as a Level 2 main contractor upon fulfilling certain requirements prescribed by the relevant government authority in the PRC in relation to the contractor's total valuation, experience and qualifications. Guangdong Hanjiang offers a comprehensive range of services, employing experts to manage and control the quality, safety and costs of their construction projects with modern management methods. Guangdong Hanjiang is a reputable contractor in the industry, has a proven track record and possesses the relevant technical capabilities and expertise in handling a wide range of construction projects.

Relying on technologies such as big data and artificial intelligence, Mr. M.Y. Chu's Controlled Entities are committed to building an ecological platform for technology empowerment, and intends to become a multi-business, all-round technical solution and service provider.

We understand that the Chu Family's Controlled Entities have a long and proven track record in transacting with the Group. We also noted that the Group has conducted market research and is of the view that the pricing offered by Chu Family's Controlled Entities is highly competitive.

5. Reasons for, and benefits of, entering into the 2024 Framework Agreement

The 2024 Framework Agreement was entered into to regulate the 2024–2026 Transactions which are recurrent, regular and continuing in nature between the Group and the Chu Family's Controlled Entities. The Group has been transacting with the Chu Family's Controlled Entities since 2003. Over the years, the Group and the Chu Family's Controlled Entities have built up a close and good working relationship. Given the Chu Family's Controlled Entities' proven track record, qualification, expertise, reputation, experience and highly competitive pricing, the Group is of the view that the continued appointment of the Chu Family's Controlled Entities for the provision of services under Transaction 1, Transaction 2, Transaction 5 and Transaction 6, the leasing of premises from the Chu Family's Controlled Entities under Transaction 3 and the new appointment of the Chu Family's Controlled Entities for the administrative procurement and vehicles procurement under Transaction 4, are in the interests of the Company and its Shareholders as a whole.

Meanwhile, in view of the long-term and good working relationship between the Group and the Chu Family's Controlled Entities and their good payment records in the past transactions, the Company considers that the continued provision of services under Transactions 7, 8, 10 and 11 and the leasing of office and shop premises to the Chu Family's Controlled Entities under Transaction 9, on normal commercial terms or better, would generate a steady income source to the Group and are in the interests of the Company and its Shareholders as a whole.

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The entering into of the 2024 Framework Agreement will provide a single basis on which the Company shall comply with the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules, thereby reducing the Company's administrative burden and costs for complying with such requirements in relation to the execution of a separate sales contract or agreement for each of the engagements/orders/leases under each of the 2024–2026 Transactions.

Having considered that (i) the Chu Family's Controlled Entities have a long and proven track record in transacting with the Group; (ii) the Chu Family's Controlled Entities have maintained good payment records with the Group; (iii) the proposed pricing terms charged by the Chu Family's Controlled Entities are comparable to that of the Independent Third Parties for the provision of similar services/products/leases; and (iv) the entering into of the 2024 Framework Agreement will reduce the Company's administrative burden and costs for complying with the requirements under the Listing Rules, we are of the view that 2024–2026 Transactions contemplating under the 2024 Framework Agreement with the Chu Family's Controlled Entities will provide an efficient and effective means for the Group to carry out certain of its business activities. Accordingly, we are of the view that the 2024–2026 Transactions will be carried out in the ordinary and usual course of business of the Group, and that the terms of the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the 2024–2026 Transactions

6.1. Historical annual caps and historical transaction amounts

Set out below are the annual caps, the actual transaction amounts and the utilisation rates (in terms of RMB) of the transactions which were carried out between the Group and the Chu Family's Controlled Entities under the 2021 Framework Agreement for the three financial years ended 31 December 2023:

| Transactions under the 2021 Framework Agreement | Year ended 31 December 2021 | | | Year ended 31 December 2022 | | | Year ended 31 December 2023 | | |
|--|---|---|------------------|---|---|------------------|---|---|------------------|
| | Annual Caps | Approximate transaction amount | Utilisation rate | Annual Caps | Approximate transaction amount | Utilisation rate | Annual Caps | Approximate transaction amount | Utilisation rate |
| Transaction 1 — Construction (i.e. Transaction 1 of 2024–2026 Transactions) | RMB1,311,460,000 (equivalent to approximately HK\$1,442,606,000) | RMB676,274,000 (equivalent to approximately HK\$743,901,000) | 51.57% | RMB1,582,620,000 (equivalent to approximately HK\$1,740,882,000) | RMB427,160,000 (equivalent to approximately HK\$469,876,000) | 26.99% | RMB1,308,040,000 (equivalent to approximately HK\$1,438,844,000) | RMB45,872,000 (equivalent to approximately HK\$50,459,000) | 3.51% |
| Transaction 2 — Consultancy service on cost control for construction work (i.e. Transaction 2 of 2024–2026 Transactions) | RMB39,090,000 (equivalent to approximately HK\$42,999,000) | RMB4,972,000 (equivalent to approximately HK\$5,469,000) | 12.72% | RMB34,150,000 (equivalent to approximately HK\$37,565,000) | RMB23,546,000 (equivalent to approximately HK\$25,901,000) | 68.95% | RMB36,700,000 (equivalent to approximately HK\$40,370,000) | RMB5,736,000 (equivalent to approximately HK\$6,310,000) | 15.63% |
| Transaction 3 — Office lease (i.e. Transaction 3 of 2024–2026 Transactions) | RMB13,180,000 (equivalent to approximately HK\$14,498,000) | RMB12,700,000 (equivalent to approximately HK\$13,970,000) | 96.36% | RMB13,650,000 (equivalent to approximately HK\$15,015,000) | RMB12,527,000 (equivalent to approximately HK\$13,780,000) | 91.77% | RMB13,440,000 (equivalent to approximately HK\$14,784,000) | RMB12,851,000 (equivalent to approximately HK\$14,136,000) | 95.62% |

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| Transactions under the 2021 Framework Agreement | Year ended 31 December 2021 | | | Year ended 31 December 2022 | | | Year ended 31 December 2023 | | |
|---|---|---|------------------|---|---|------------------|---|---|------------------|
| | Annual Caps | Approximate transaction amount | Utilisation rate | Annual Caps | Approximate transaction amount | Utilisation rate | Annual Caps | Approximate transaction amount | Utilisation rate |
| Transaction 4 — Information technology related services and ERP Systems services (i.e. Transaction 5 of 2024–2026 Transactions) | RMB126,600,000 (equivalent to approximately HK\$139,260,000) | RMB78,390,000 (equivalent to approximately HK\$86,229,000) | 61.92% | RMB83,880,000 (equivalent to approximately HK\$92,268,000) | RMB56,037,000 (equivalent to approximately HK\$61,641,000) | 66.81% | RMB94,390,000 (equivalent to approximately HK\$103,829,000) | RMB42,945,000 (equivalent to approximately HK\$47,240,000) | 45.50% |
| Transaction 5 — Marketing services | RMB987,900,000 (equivalent to approximately HK\$1,086,690,000) | RMB339,843,000 (equivalent to approximately HK\$373,827,000) | 34.40% | RMB1,458,890,000 (equivalent to approximately HK\$1,604,779,000) | RMB72,492,000 (equivalent to approximately HK\$79,741,000) | 4.97% | RMB2,468,650,000 (equivalent to approximately HK\$2,715,515,000) | RMB7,375,000 (equivalent to approximately HK\$8,113,000) | 0.30% |
| Transaction 6 — Management of a property development project (i.e. Transaction 6 of 2024–2026 Transactions) | RMB47,460,000 (equivalent to approximately HK\$52,206,000) | Nil | 0% | RMB15,820,000 (equivalent to approximately HK\$17,402,000) | Nil | 0% | RMB63,280,000 (equivalent to approximately HK\$69,608,000) | Nil | 0% |
| Transaction 7 — Building design (i.e. Transaction 7 of 2024–2026 Transactions) | RMB244,220,000 (equivalent to approximately HK\$268,642,000) | RMB71,205,000 (equivalent to approximately HK\$78,326,000) | 29.16% | RMB200,130,000 (equivalent to approximately HK\$220,143,000) | RMB168,971,000 (equivalent to approximately HK\$185,868,000) | 84.43% | RMB108,390,000 (equivalent to approximately HK\$119,229,000) | RMB27,963,000 (equivalent to approximately HK\$30,759,000) | 25.80% |
| Transaction 8 — Management of vacant properties (i.e. Transaction 8 of 2024–2026 Transactions) | RMB72,170,000 (equivalent to approximately HK\$79,387,000) | RMB55,927,000 (equivalent to approximately HK\$61,520,000) | 77.49% | RMB76,550,000 (equivalent to approximately HK\$84,205,000) | RMB55,738,000 (equivalent to approximately HK\$61,312,000) | 72.81% | RMB85,830,000 (equivalent to approximately HK\$94,413,000) | RMB51,287,000 (equivalent to approximately HK\$56,416,000) | 59.75% |
| Transaction 9 — Office lease (i.e. Transaction 9 of 2024–2026 Transactions) | RMB87,120,000 (equivalent to approximately HK\$95,832,000) | RMB27,115,000 (equivalent to approximately HK\$29,827,000) | 31.12% | RMB96,100,000 (equivalent to approximately HK\$105,710,000) | RMB24,748,000 (equivalent to approximately HK\$27,223,000) | 25.75% | RMB98,300,000 (equivalent to approximately HK\$108,130,000) | RMB8,370,000 (equivalent to approximately HK\$9,207,000) | 8.51% |
| Transaction 10 — Operational and building management (i.e. Transaction 10 of 2024–2026 Transactions) | RMB2,191,230,000 (equivalent to approximately HK\$2,410,353,000) | RMB208,424,000 (equivalent to approximately HK\$229,266,000) | 9.51% | RMB2,020,700,000 (equivalent to approximately HK\$2,222,770,000) | RMB165,048,000 (equivalent to approximately HK\$181,553,000) | 8.17% | RMB1,491,160,000 (equivalent to approximately HK\$1,640,276,000) | RMB168,144,000 (equivalent to approximately HK\$184,958,000) | 11.28% |
| Transaction 11 — Construction (i.e. Transaction 11 of 2024–2026 Transactions) | RMB1,025,950,000 (equivalent to approximately HK\$1,128,545,000) | RMB249,300,000 (equivalent to approximately HK\$274,230,000) | 24.30% | RMB482,540,000 (equivalent to approximately HK\$530,794,000) | RMB52,509,000 (equivalent to approximately HK\$57,760,000) | 10.88% | RMB153,020,000 (equivalent to approximately HK\$168,322,000) | RMB42,409,000 (equivalent to approximately HK\$46,650,000) | 27.71% |
| Transaction 12 — Refurbishments and renovations | RMB53,420,000 (equivalent to approximately HK\$58,762,000) | RMB6,363,000 (equivalent to approximately HK\$6,999,000) | 11.91% | RMB37,440,000 (equivalent to approximately HK\$41,184,000) | Nil | 0% | RMB41,190,000 (equivalent to approximately HK\$45,309,000) | RMB1,795,000 (equivalent to approximately HK\$1,975,000) | 4.36% |
| Transaction 13 — Smart technology services | RMB531,840,000 (equivalent to approximately HK\$585,024,000) | RMB505,387,000 (equivalent to approximately HK\$555,926,000) | 95.03% | RMB775,530,000 (equivalent to approximately HK\$853,083,000) | RMB67,729,000 (equivalent to approximately HK\$74,502,000) | 8.73% | RMB1,364,480,000 (equivalent to approximately HK\$1,500,928,000) | RMB82,203,000 (equivalent to approximately HK\$90,423,000) | 6.02% |

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6.2. Proposed Annual Caps for the 2024–2026 Transactions

Set out below are the Annual Caps proposed by the Directors for each of the three financial years ending 31 December 2026 in respect of the 2024–2026 Transactions and the relevant breakdowns:

Services and products to be provided/premises to be leased by the Chu Family's Controlled Entities to the Group pursuant to the 2024 Framework Agreement:

| 2024–2026 Transactions | 2024 Annual Cap | 2025 Annual Cap | 2026 Annual Cap |
|--|--|--|--|
| Transaction 1 — Construction | RMB1,774,710,000 (equivalent to approximately HK\$1,952,181,000) | RMB2,116,320,000 (equivalent to approximately HK\$2,327,952,000) | RMB1,563,940,000 (equivalent to approximately HK\$1,720,334,000) |
| Transaction 2 — Cost consultancy services for construction works | RMB32,380,000 (equivalent to approximately HK\$35,618,000) | RMB19,020,000 (equivalent to approximately HK\$20,922,000) | RMB46,170,000 (equivalent to approximately HK\$50,787,000) |
| Transaction 3 — Office and multi-purpose space lease ^(Note) | RMB182,250,000 (equivalent to approximately HK\$200,475,000) | RMB210,210,000 (equivalent to approximately HK\$231,231,000) | RMB209,650,000 (equivalent to approximately HK\$230,615,000) |
| Transaction 4 — Administrative procurement and vehicles procurement | RMB9,780,000 (equivalent to approximately HK\$10,758,000) | RMB5,030,000 (equivalent to approximately HK\$5,533,000) | RMB6,730,000 (equivalent to approximately HK\$7,403,000) |
| Transaction 5 — Information technology related services | RMB67,350,000 (equivalent to approximately HK\$74,085,000) | RMB80,000,000 (equivalent to approximately HK\$88,000,000) | RMB92,000,000 (equivalent to approximately HK\$101,200,000) |
| Transaction 6 — Management of urban renewal projects and property development projects | RMB329,760,000 (equivalent to approximately HK\$362,736,000) | RMB689,790,000 (equivalent to approximately HK\$758,769,000) | RMB670,710,000 (equivalent to approximately HK\$737,781,000) |
| Total Payable Annual Caps | RMB2,396,230,000 (equivalent to approximately HK\$2,635,853,000) | RMB3,120,370,000 (equivalent to approximately HK\$3,432,407,000) | RMB2,589,200,000 (equivalent to approximately HK\$2,848,120,000) |

Note: Pursuant to Hong Kong Financial Reporting Standards 16, the lease payment under Transaction 3 will be recognised by the Group as a right-of-use asset with the aggregate consideration of approximately RMB602,110,000 (equivalent to approximately HK\$662,321,000 (without taking into account the discounting factor for the years ending 31 December 2025 and 2026)), and hence Transaction 3 will be regarded as a one-off connected acquisition of a right-of-use asset by the Group under Chapter 14A of the Listing Rules. As one or more of the relevant applicable percentage ratios (other than profits ratio)

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as defined under Rule 14.07 of the Listing Rules exceed 5%, Transaction 3 constitutes a non-exempt connected transaction of the Company which is subject to the reporting, announcement, circular, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. Given the continuing connected nature of Transaction 3 and as a good corporate governance measure, the parties have included Transaction 3 in the 2024 Framework Agreement. The annual caps represent the annual rentals payable by the Group for the relevant financial year.

*Services to be provided/premises to be leased by the Group to the Chu Family's
Controlled Entities pursuant to the 2024 Framework Agreement:*

| 2024–2026 Transactions | 2024 Annual Cap | 2025 Annual Cap | 2026 Annual Cap |
|---|---|---|---|
| Transaction 7 — Building design | RMB144,080,000 (equivalent to approximately HK\$158,488,000) | RMB232,500,000 (equivalent to approximately HK\$255,750,000) | RMB132,600,000 (equivalent to approximately HK\$145,860,000) |
| Transaction 8 — Property management and related services | RMB376,810,000 (equivalent to approximately HK\$414,491,000) | RMB404,990,000 (equivalent to approximately HK\$445,489,000) | RMB449,570,000 (equivalent to approximately HK\$494,527,000) |
| Transaction 9 — Office and shop lease | RMB11,890,000 (equivalent to approximately HK\$13,079,000) | RMB13,990,000 (equivalent to approximately HK\$15,389,000) | RMB14,420,000 (equivalent to approximately HK\$15,862,000) |
| Transaction 10 — Operational and building management | RMB217,120,000 (equivalent to approximately HK\$238,832,000) | RMB300,160,000 (equivalent to approximately HK\$330,176,000) | RMB424,090,000 (equivalent to approximately HK\$466,499,000) |
| Transaction 11 — Construction | RMB5,856,540,000 (equivalent to approximately <u>HK\$6,442,194,000</u>) | RMB4,945,340,000 (equivalent to approximately <u>HK\$5,439,874,000</u>) | RMB3,186,270,000 (equivalent to approximately <u>HK\$3,504,897,000</u>) |
| Total Receivable Annual Caps | RMB6,606,440,000 (equivalent to approximately <u>HK\$7,267,084,000</u>) | RMB5,896,980,000 (equivalent to approximately <u>HK\$6,486,678,000</u>) | RMB4,206,950,000 (equivalent to approximately <u>HK\$4,627,645,000</u>) |

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7. Basis for determining the respective Annual Caps (including the pricing basis and other relevant factors)

Services and products to be provided/premises to be leased by Chu Family’s Controlled Entities to the Group pursuant to the 2024 Framework Agreement:

7.1. Transaction 1 — Construction

The Group agrees to appoint the Chu Family’s Controlled Entities to carry out construction works and other related or similar services for certain property development projects of the Group.

The fees for Transaction 1 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family’s Controlled Entities. Generally, the Group shall pay the fees in phases and according to the construction schedule and status of the property development projects. Approximately 10% of the total contract price shall normally be paid within 30 business days of the date of the individual contract or agreement to be entered into between the Group and the Chu Family’s Controlled Entities, and subsequent payments shall be made in instalments upon completion and inspection of the construction works.

7.1.1. Basis for determining the Annual Caps for Transaction 1

Set out below are the Annual Caps for Transaction 1 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|-------------------------------------|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 1 — Construction | RMB1,774,710,000 (equivalent to approximately HK\$1,952,181,000) | RMB2,116,320,000 (equivalent to approximately HK\$2,327,952,000) | RMB1,563,940,000 (equivalent to approximately HK\$1,720,334,000) |

In determining the Annual Caps for Transaction 1 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement namely the prevailing market prices offered by Independent Third Parties for providing similar services and the applicable pricing standards and guidelines prescribed by the relevant government authorities; (ii) the approximate aggregate gross floor area of the construction projects to be carried out by the Chu Family’s Controlled Entities located in Beijing, Guangzhou and Huizhou; (iii) the proportion of the subject construction project expected to be completed in each of the three financial years ending 31 December 2026; (iv) the scope and scale of works required from the Chu Family’s Controlled Entities based on the estimated completion schedule; and (v) the terms and scale of the historical transactions and the historical transaction amounts.

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7.1.2. Documents obtained and reviewed for Transaction 1

In connection with Transaction 1, we have obtained, reviewed and examined (i) a schedule setting out the estimated construction fee payable by the Group to the Chu Family's Controlled Entities for the three financial years ending 31 December 2026; (ii) a schedule setting out the breakdown of estimated average unit construction fee; (iii) a schedule setting out the historical construction fees paid by the Group to the Chu Family's Controlled Entities during the three financial years ended 31 December 2023; and (iv) the reference materials for setting prices for different construction materials and services, including the standards and guidelines stipulated by the relevant government authorities.

7.1.3. Our analysis of the Annual Caps for Transaction 1

In deriving the Annual Caps for Transaction 1, the Company has multiplied the estimated average unit construction fee payable with the estimated aggregate gross floor areas of the property development projects of the Group in Beijing, Guangzhou and Huizhou, the construction of which are probably to be performed by the Chu Family's Controlled Entities for each of the three financial years ending 31 December 2026.

The relevant pricing basis under the 2024 Framework Agreement

As set out in the 2024 Framework Agreement, the fees payable by the Group to the Chu Family's Controlled Entities and the other terms for this transaction shall be determined by the parties with reference to (i) the prevailing market prices offered by Independent Third Parties for providing similar services; and (ii) the standards and guidelines prescribed by 建設委員會 (Construction Committee[#]) of the region where the project is located, such as (a) 《建設工程工程量清單計價規範》 (Code of valuation with bill quantity of construction works[#]) (GB50500-2013) published by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC[#]) in 2012; (b) 《廣東省建設工程計價依據(2018)》 (Costing basis of construction and installation works, Guangdong Province (2018)[#]) published by 廣東省住房和城鄉建設廳 (Department of Housing and Urban-Rural Development of Guangdong Province[#]) in 2019 for property projects in Guangdong Province; (c) 《天津市建設工程計價辦法》 (Tianjin construction project valuation method[#]), 《天津市建築工程預算基價》 (Tianjin construction project budgeting standard[#]), 《天津市裝飾裝修工程預算基價》 (Tianjin decoration and renovation project budgeting standard[#]) and 《天津市安裝工程預算基價》 (Tianjin installation project budgeting standard[#]) published by 天津市住房和城鄉建設委員會 (Tianjin Housing and Urban-Rural Development Commission[#]) in 2020; and (d) 《上海市建築和裝飾工程預算定額》 (Shanghai construction and decoration project budgeting standard[#]) published by 上海市住房和城鄉建設管理委員會 (Shanghai Housing and Urban-Rural Development and Management Commission[#]) in 2016.

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The contract price to be determined by the parties shall be in line with the latest market prices charged by Independent Third Parties for providing similar services and shall conform with the applicable pricing standards and guidelines prescribed by the relevant governmental authorities.

As advised by the Company, whilst the estimated unit construction fee for each of the property projects may vary as they are subject to a few factors: (i) the types of construction materials consumed; (ii) the class of the properties; (iii) the scope of the construction works; and (iv) the geographic location of the property sites, the overall effect after averaging them is very close and hence the Company has estimated the average unit construction fee payable to the Chu Family's Controlled Entities by taking the average of the estimated unit fees for each of the property development projects and we considered such approach to be reasonable.

According to the management of the Group, the average estimated unit construction fee payable by the Group is approximately RMB4,605 per sq.m, which is within the range of the average unit construction cost as stipulated in the latest standards and guidelines prescribed by 建設委員會 (Construction Committee[#]) for the region where the project is located, such as (a) 《建設工程工程量清單計價規範》 (GB50500-2013) (Code of valuation with bill quantity of construction works[#]), and (b) 《廣東省建設工程計價依據(2018)》 (Costing Basis of Construction and Installation Works, Guangdong Province (2018)[#]). We also noted that in determining its construction fees payable to the Chu Family's Controlled Entities, the Group had considered its profit margins for similar construction projects which it had provided to the Chu Family's Controlled Entities and Independent Third Parties in recent years. In this regard, we noted that the Group's profit margins for these construction projects were also about 20%, and hence we considered the Group's reference to 《廣東省建設工程計價依據(2018)》 (Costing Basis of Construction and Installation Works, Guangdong Province (2018)[#]), which sets out that among others, the profit margin for the entire construction should be approximately 20%, as fair and reasonable.

The approximate aggregate gross floor area of the construction projects to be carried out by the Chu Family's Controlled Entities, the proportion of the subject construction project expected to be completed in each of the three years ending 31 December 2026, and the scope and scale of works required from the Chu Family's Controlled Entities based on the estimated completion schedule

We have reviewed the schedule in respect of the estimated aggregate gross floor areas of property development projects of the Group in Beijing, Guangzhou and the eastern areas of the PRC (which includes Huizhou), the construction of which are expected to be carried out by the Chu Family's Controlled Entities for the three financial years ending 31 December 2026. As advised by the Company, the estimated aggregate gross floor areas of the property development projects of the

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Group are determined in accordance with the Group's property development schedule in the forthcoming years. In our review of the estimated aggregate gross floor area of the said property development projects in Beijing, Guangzhou and the eastern areas of the PRC (which includes Huizhou) of approximately 1,267,411 sq.m., we noted that the Company expected about 25–35% of such estimated aggregate gross floor area will be completed in each of the three years ending 31 December 2026. We also noted that such project pipelines are consistent with the property development plan of the Group for 2024–2026. As such, we are of the view that such estimated aggregate gross floor areas of property development projects of the Group are fair and reasonable and they reflect the Group's need for construction services from the Chu Family's Controlled Entities for the three financial years ending 31 December 2026.

The terms and scale of the historical transaction and the historical transaction amounts

We noted that the historical transaction amount for the year ended 31 December 2021 was RMB676.3 million, which was declined to approximately RMB45.9 million for the year ended 31 December 2023. Upon inquiry with the Company, the downward trend is primarily due to the cyclical nature of construction projects and that the construction fees are generally payable in phases according to the work progress and completion schedules of the projects. As some property development projects commenced in 2021 or earlier, there was a decrease of payables in construction work as projects neared completion, consequently reducing the actual payments made. Additionally, the period from 2021 to 2023 witnessed significant impacts from COVID-19 pandemic, as well as from factors such as persistent inflation, rising interest rates, and escalating geopolitical conflicts. As such, the recovery of the PRC's economy continues to face pressure, prompting the Group to adopt a cautious approach in launching new property projects.

On the other hand, we noted that the Annual Caps for Transaction 1 for the three years ending 31 December 2026 have increased significantly when compared to the historical transaction amounts for the three years ended 31 December 2023. We have inquired the Company regarding such substantial growth in the Annual Caps for Transaction 1 and noted that it is mainly due to the expected substantial increase in the number and scale of property development projects of the Group for the three years ending 31 December 2026, which will consequently lead to the higher demand for construction services from the Chu Family's Controlled Entities.

From our discussion with the Company and as mentioned before, the construction costs of the Group are generally payable at phases according to the completion schedule of a particular project. Hence, the differences in the estimated completion schedules and the estimated aggregate gross floor areas to be completed

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for each financial year have led to the year-on-year fluctuation of the Annual Caps for Transaction 1. Given that the estimated aggregate gross floor areas of the Group's property development projects fairly and reasonably reflect the Group's need for construction services from the Chu Family's Controlled Entities for the three financial years ending 31 December 2026, we are of the view that setting the year-on-year fluctuation of the Annual Caps for Transaction 1 is fair and reasonable in order to meet the Group's demand for such construction works.

Furthermore, as the Group and the Chu Family's Controlled Entities have established long-term business relationship and the construction services provided by the Chu Family's Controlled Entities have been satisfactory, the continuing appointment of the Chu Family's Controlled Entities to provide the Group with construction services can further increase the overall operating efficiency and cost effectiveness of the Group as a whole.

Regarding the real estate market, we have conducted independent research, and we understand that in the first half of 2023, the PRC government has maintained the principle of "risk prevention and city specific policies" and the policies which have been issued are mostly related to the optimisation and adjustment of the existing systems. The strength of the policies is limited to "support but not to inflate" the market. Following an initial uptick in housing sales, the overall performance of the property market has receded due to the persistently weak housing loan demand and the decline in housing prices. However, on 24 July 2023, a pivotal shift was signaled during a meeting held by the Political Bureau of the Communist Party of China Central Committee. Recognising the changes in the supply-demand dynamics of property market in the PRC, it was emphasised that urgent adjustment and refinement of real estate policies is necessary. The proposed approach would entail adopting city-specific strategies and fully utilising a comprehensive set of policy measures to meet the fundamental housing needs of residents while also accommodating their desires for improved living condition, thereby fostering a stable and healthy growth in the property market. Subsequently, a set of policy measures were deployed, focusing on areas such as enhancing demand-side housing purchase policies, aiding financing for property developers, increasing the construction of affordable housing, and promoting urban village transformations. This includes: (i) the implementation of the "recognise housing but not loans" policy for first-time homebuyers; (ii) the reduction of the down payment ratio for first and second homes to a lower limit of 20% and 30% respectively; and (iii) the decrease in the interest rate for existing first-time home loans. These policy measures are expected to foster a gradual stabilisation and recovery of the real estate market.

Despite the declining trend in historical transaction amounts and the low utilization for Transaction 1 in the 2021 Framework Agreement, the Group anticipates a recovery in the real estate market and has robust property development

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plans for the next three years. Consequently, the Group has accordingly adjusted the Annual Caps for Transaction 1 for the three financial years ending 31 December 2026. Given that the construction fee to be charged by the Chu Family's Controlled Entities will be no less favourable to the Group than those from Independent Third Parties, the Annual Caps for Transaction 1 for the three financial years ending 31 December 2026 are fair and reasonable.

In light of the above, we are of the view that the fees payable under Transaction 1 and the Annual Caps for Transaction 1 are properly estimated. We are also of the view that Transaction 1 will be entered into on normal commercial terms and that the terms of Transaction 1 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

7.2. Transaction 2 — Cost consultancy services for construction works

The Group agrees to appoint the Chu Family's Controlled Entities to provide the Group with cost consultancy services for its construction works, including preparing project settlement and issuing completion accounts based on completion data such as construction drawings.

The fees for Transaction 2 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Chu Family's Controlled Entities shall prepare invoices in respect of the completed cost consultancy works for the Group's approval on a monthly basis, and the Group shall settle the invoices within 30 business days upon receipt of the relevant invoices from the Chu Family's Controlled Entities.

7.2.1. Basis for determining the Annual Caps for Transaction 2

Set out below are the Annual Caps for Transaction 2 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 2 — Cost consultancy services for construction works | RMB32,380,000 (equivalent to approximately HK\$35,618,000) | RMB19,020,000 (equivalent to approximately HK\$20,922,000) | RMB46,170,000 (equivalent to approximately HK\$50,787,000) |

In determining the Annual Caps for Transaction 2 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement namely the prevailing market prices offered by Independent Third Parties for providing similar services and the applicable pricing standards and guidelines prescribed by the relevant government authorities; (ii) the approximate aggregate construction floor area of the property projects to be completed by the Group

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in Guangzhou, Shanghai, the northern regions of the PRC (including Tianjin, Shanxi, Bazhou, Langfang and Beijing) and Huizhou, which require such services from the Chu Family's Controlled Entities; and (iii) the terms and scale of the historical transactions and the historical transaction amounts.

7.2.2. Documents obtained and reviewed for Transaction 2

In connection with Transaction 2, we have obtained, reviewed and examined (i) a schedule setting out the estimated fees on cost consultancy service for construction works payable by the Group to the Chu Family's Controlled Entities for the three years ending 31 December 2026; (ii) a schedule setting out the historical fees on cost consultancy service for construction works paid by the Group to the Chu Family's Controlled Entities during the three years ended 31 December 2023; (iii) the prevailing market rates for consultancy service with reference to the terms offered by Independent Third Parties; (iv) three sample consultancy contracts, selected on a random sampling basis, entered into between the Group and the Chu Family's Controlled Entities during the three years ended 31 December 2023 and up to the Latest Practicable Date; and (v) reference materials for setting the pricing basis and fees, including the standards stipulated by the relevant government authorities as set out below.

7.2.3. Our analysis of the Annual Caps for Transaction 2

In deriving the Annual Caps for Transaction 2, the Company has multiplied the respective estimated average unit fee for cost consultancy service for construction works with the estimated aggregate gross floor area of the property projects to be completed by the Group in Guangzhou, Shanghai, the northern regions of the PRC (including Tianjin, Shanxi, Bazhou, Langfang and Beijing) and Huizhou in PRC, which are likely to be performed by the Chu Family's Controlled Entities for the three years ending 31 December 2026.

The relevant pricing basis under the 2024 Framework Agreement

The fees payable by the Group to the Chu Family's Controlled Entities and other terms for this transaction shall be determined with reference to (i) the prevailing market prices offered by Independent Third Parties for providing similar services; and (ii) the standards and guidelines prescribed by the relevant governmental authorities of the region where the project is located, such as (a) 《廣東省物價局關於調整我省建設工程造價諮詢服務收費的覆函》 (Reply letter in relation to the adjustment of the pricing of fee enquiries for construction projects of the Price Control Administrative Bureau of Guangdong Province[#]) issued by 廣東省物價局 (Price Control Administrative Bureau of Guangdong Province[#]) in 2011; and (b) 《廣東省建設工程造價管理規定》 (Rules governing the fees chargeable for construction projects of Guangdong Province[#]) issued by 廣東省人民政府 (The People's Government of Guangdong Province[#]) in 2014, which was subsequently amended in 2021.

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The contract price to be determined by the parties shall be in line with the latest market prices charged by Independent Third Parties for providing similar services and shall conform with the applicable pricing standards and guidelines prescribed by the relevant governmental authorities.

In this regard, we have reviewed the relevant standards and guidelines and compared the consultancy fees paid by the Group for the three years ended 31 December 2023 and up to the Latest Practicable Date with the market rates for similar consultancy services. We have also obtained three sample consultancy contracts, selected on a random sampling basis, made between the Group and the Chu Family's Controlled Entities during the same period and compared that to the then market rates for similar consultancy services and made with reference to the terms offered by Independent Third Parties. Based on our review of the documents, we noted that consultancy fees paid by the Group were approximately RMB10 per sq.m. which was within the market range of approximately RMB5 to RMB26.8 per sq.m.. This range was established through independent research and quotations from Independent Third Parties, which provides a benchmark demonstrating that the fees previously paid by the Group align with the fees charged by Independent Third Parties for similar services during the same period. Upon reviewing the schedule setting out the estimated fees for cost consultancy services for construction works payable by the Group to the Chu Family's Controlled Entities for the three years ending 31 December 2026, we observed that an average unit fee of RMB10 per sq.m. has been applied in estimating the cost consultancy service fees, which is in line with the historical pricing basis. This approach reflects the continuity in the scope of services to be provided under Transaction 2, which are expected to remain largely similar to those in the historical transactions. As such, the comparison shows that the historical consultancy fees paid by the Group to the Chu Family's Controlled Entities were comparable to, or no less favorable than, such market rates and that the pricing basis adopted in Transaction 2 has been fair and reasonable.

As advised by the Company, while the estimated average unit fee for cost consultancy service for construction works may vary as they are also subject to a few factors such as (i) the form of consultation; (ii) the range of the consultancy service to be delivered; and (iii) the reputation of the consultancy firms, the overall effect after averaging them is very similar and hence the Company has estimated such unit fee for consultancy service payable by the Group to the Chu Family's Controlled Entities for the three years ending 31 December 2026, by taking the average of the estimated unit fee for these items for each of the property development projects.

In addition, as advised by the Company, as the proposed cost consultancy service for construction works for various property projects of the Group will need to conform to the latest standards and guidelines prescribed by the relevant governmental authorities of where the project is located, before entering into a

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specific agreement for each consultancy engagement under Transaction 2, the Group and the Chu Family's Controlled Entities shall determine the relevant consultancy fees by making reference to, among others, the then available relevant standards.

Having considered the above, we are of the view that the unit fee for cost consultancy service for construction works to be payable by the Group to the Chu Family's Controlled Entities and used in determining the Annual Caps for Transaction 2 for the three years ending 31 December 2026, are properly estimated.

The approximate aggregate construction floor area of the property projects to be completed by the Group which require such services from the Chu Family's Controlled Entities, and the scope and scale of works required from the Chu Family's Controlled Entities

We have also reviewed the schedule in respect of the relevant cost consultancy service for construction works, which are likely to be performed by the Chu Family's Controlled Entities for the three years ending 31 December 2026. As advised by the Company, the estimated amount of consultancy service is determined in accordance with the Group's property development schedule in the forthcoming years. In our review of the relevant cost consultancy service for construction works which are expected to be carried out by the Chu Family's Controlled Entities, we noted that the cost consultancy service for construction works to be carried out by the Chu Family's Controlled Entities is approximately 1.9 million sq.m. in 2024, 1.2 million sq.m. in 2025 and 3.3 million sq.m. in 2026. We noted that the property projects under Transaction 2 are consistent with the property development plan of the Group for 2024–2026. Accordingly, we are of the view that such estimated aggregate construction floor area of property projects of the Group is fair and reasonable and it reflects the Group's need for consultancy service from the Chu Family's Controlled Entities for the three financial years ending 31 December 2026.

The terms and scale of the historical transaction and the historical transaction amounts

It is noted that the Annual Caps for Transaction 2 for the three years ending 31 December 2026 are generally higher than the historical transaction amounts for the three years ended 31 December 2023. Upon discussion with the Company and after reviewing the schedule setting out the estimated cost consultancy service for construction works payable by the Group to the Chu Family's Controlled Entities for the three years ending 31 December 2026, we understand that the number and scale and hence the aggregate construction floor area is expected to be higher. The expected increase in the number and scale of the Group's property development projects was determined by the Group in accordance with its property development schedule for the forthcoming years, having regard to the current market conditions, the anticipated market recovery and the outlook of the property development industry in the PRC. This is anticipated to result in relatively higher consultancy

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service fees payable by the Group to the Chu Family's Controlled Entities for the three years ending 31 December 2026. Also, as the consultancy fees are generally payable in phases according to the work progress and completion schedules of the projects, and we noted that the construction works for property development projects in the northern regions of the PRC is expected to be delivered in 2024, while some projects in Guangzhou and the eastern regions of the PRC are expected to be delivered in 2026. This difference in project delivery timelines contributes to the year-on-year fluctuation in the Annual Caps for Transaction 2.

Having considered such reason and the fact that the amount of consultancy fees payable directly correlates with the number and scale of construction projects to be involved, we concur with the Directors that the Annual Caps for Transaction 2, as well as the year-on-year fluctuation thereof, are fair and reasonable so far as the Independent Shareholders are concerned.

As the Group and the Chu Family's Controlled Entities have established long-term business relationship and the cost consultancy service for construction works provided by the Chu Family's Controlled Entities has been satisfactory, the continuing appointment of the Chu Family's Controlled Entities to provide the Group with such service can further increase the overall operating efficiency and cost effectiveness of the Group as a whole.

In light of the above, we are of the view that the fees payable under Transaction 2 and the Annual Caps for Transaction 2 are properly estimated. We are also of the view that Transaction 2 will be entered into on normal commercial terms and that the terms of Transaction 2 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

7.3. Transaction 3 — Office and multi-purpose space lease

The Chu Family's Controlled Entities agree to lease (i) certain premises located in regions including Beijing, Guangzhou, Shanghai and Chengdu for office use; and (ii) certain multi-purpose spaces, including atriums, warehouses and advertising spaces located in regions including Beijing, Chengdu, Xi'an, Shanghai, Guangzhou and Shenzhen to the Group.

The payment for Transaction 3 shall be made according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Group shall make the payment in advance on a monthly basis.

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7.3.1. Basis for determining the Annual Caps for Transaction 3

Set out below are the Annual Caps for Transaction 3 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 3 — Office and multi-purpose space lease | RMB182,250,000 (equivalent to approximately HK\$200,475,000) | RMB210,210,000 (equivalent to approximately HK\$231,231,000) | RMB209,650,000 (equivalent to approximately HK\$230,615,000) |

In determining the Annual Caps for Transaction 3 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement namely the prevailing market rents paid by lessees who are Independent Third Parties for leasing similar types of premises located in nearby areas, or leasing premises of the same grading; (ii) the proposed lease premises identified and the aggregate size thereof; and (iii) the terms and scale of the historical transactions and the historical transaction amounts.

7.3.2. Documents obtained and reviewed for Transaction 3

In connection with Transaction 3, we have obtained, reviewed and examined (i) a schedule setting out the location and aggregate size and the respective estimated rents payable by the Group to the Chu Family's Controlled Entities for the relevant office premises for three years ending 31 December 2026; (ii) a schedule setting out the location and aggregate size and the respective estimated rents payable by the Group to the Chu Family's Controlled Entities for the relevant multi-purpose spaces for three years ending 31 December 2026; (iii) a schedule setting out the historical rents paid by the Group to the Chu Family's Controlled Entities for commercial premises leased during the three years ended 31 December 2023; and (iv) three sample rental contracts, selected on a random sampling basis, that were entered into between the Group and the Chu Family's Controlled Entities for commercial premises owned by the latter during the three years ended 31 December 2023 and up to the Latest Practicable Date.

7.3.3. Our analysis of the Annual Caps for Transaction 3

In deriving the Annual Caps for Transaction 3, the Company has multiplied the area of relevant office premises and multi-purpose spaces to be leased by the Group from the Chu Family's Controlled Entities by the respective estimated rents payable per square meter for the three years ending 31 December 2026.

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The relevant pricing basis under the 2024 Framework Agreement

The rent payable by the Group to the Chu Family's Controlled Entities and the other terms shall be determined with reference to the prevailing market rents paid by lessees who are Independent Third Parties for leasing similar types of premises located in nearby areas, or leasing premises of the same grading.

In this regard, we have reviewed and compared the rental rate paid by the Group for the three years ended 31 December 2023 with the then market rates as listed/quoted by PRC property leasing agents of similar premises. We have also reviewed the terms of the three rental contracts, selected on a random sampling basis, made between the Group and the Chu Family's Controlled Entities during the three years ended 31 December 2023 and up to the Latest Practicable Date and compared them with the terms for rental contracts as listed/quoted by PRC property leasing agents of similar premises. Our review shows that the per square meter rental rates paid by the Group were within the market rates and therefore the comparison shows that the historical rental rates paid by the Group to the Chu Family's Controlled Entities were comparable to, or no less favorable than, such market rates and that the pricing basis adopted in Transaction 3 has been fair and reasonable.

To determine whether the estimated rents payable by the Group to the Chu Family's Controlled Entities for leasing office premises and multi-purpose spaces for the three years ending 31 December 2026 are on normal commercial terms, we have conducted an independent research on the prevailing market rates and/or rental rates as quoted by property agents in the PRC for other premises and multi-purpose spaces in the same building or similar premises in close proximity to the relevant office premises and multi-purpose spaces, and compared them against the estimated rents for the relevant office premises and multi-purpose spaces which the Chu Family's Controlled Entities have agreed to lease to the Group. Based on our comparison, which considered factors such as the quality and the floor level of the relevant office premises and multi-purpose spaces to be leased by the Group, we note that the estimated rents payable by the Group to the Chu Family's Controlled Entities are in line with the prevailing market rates.

The proposed lease premises and multi-purpose spaces identified and the aggregate size thereof

We noted that the Group is expecting to rent offices and multi-purpose spaces with aggregate gross floor area of approximately 99,199 sq.m. for the three years ending 31 December 2026. From our review of the office premises and multi-purpose spaces to be leased by the Group, we noted that some of the office premises are currently being leased by the Group. As such, we are of the view that the size of the offices to be leased by the Group is properly estimated.

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The terms and scale of the historical transaction and the historical transaction amounts

The historical transaction amounts for Transaction 3 were approximately RMB12.7 million, RMB12.5 million, and RMB12.9 million for the three years ended 31 December 2023, representing utilization rates of approximately 96.4%, 91.2%, and 95.6% respectively. These figures demonstrate that the annual caps for office leases were nearly fully utilized during the three years ended 31 December 2023, indicating that the Group's estimates for office space requirements were accurately projected. For Transaction 3 under the 2024 Framework Agreement, the estimation approach remains consistent with previous assessments. However, the 2024 Framework Agreement now includes additional multi-purpose spaces to support marketing events, aligning with the Group's operational requirements and strategic objectives and to sub-lease part of the area to other tenants.

Consequently, the Annual Caps for Transaction 3 of approximately RMB182.3 million, RMB210.2 million, and RMB209.7 million for three years ending 31 December 2026, represent a significant increase compared to the historical transaction amounts. Upon reviewing the detailed schedules of the office premises and multi-purpose spaces to be leased by the Chu Family's Controlled Entities to the Group, along with the corresponding estimated rents for the three years ending 31 December 2026, we have identified that the inclusion of additional multi-purpose spaces is the primary driver of this increase. As discussed with the Company, we understand that the Group intends to lease additional multi-purpose spaces from the Chu Family's Controlled Entities across major cities in the PRC, including Beijing, Chengdu, Xi'an, Shanghai, Guangzhou, and Shenzhen throughout the three years ending 31 December 2026, to support various functions, such as marketing and advertising activities and to sub-lease part of the area to other tenants as and when appropriate opportunities arise. For the three financial years ended 31 December 2023, the aggregate gross floor area of the office premises leased by the Group from the Chu Family's Controlled Entities amounted to approximately 6,944 sq.m., whereas for the three financial years ending 31 December 2026, the aggregate gross floor area of the office premises and multi-purpose spaces which the Group expects to lease from the Chu Family's Controlled Entities amount to approximately 99,199 sq.m., and of which, approximately 93.0% is multi-purpose spaces. It is also estimated that the lease payments in respect of multi-purpose spaces will account for approximately 91.2% of the aggregate lease payments payable by the Group to the Chu Family's Controlled Entities under Transaction 3 for the three financial years ending 31 December 2026.

Accordingly, due primarily to the additional leasing of multi-purpose spaces, the proposed annual caps for Transaction 3 for the three financial years ending 31 December 2026 have increased significantly when compared to the historical transaction amounts for the three financial years ended 31 December 2023.

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Given the Group's strategic objectives and operational requirements, it is anticipated that the rent payable by the Group for these office premises and multi-purpose spaces will fluctuate year-on-year. This estimation is influenced by factors such as the size and location of the office premises and the frequency of use of the multi-purpose spaces. Having considered these factors, we concur with the Directors that the Annual Caps for Transaction 3, along with the observed year-on-year fluctuations, are fair and reasonable so far as the Independent Shareholders are concerned.

Furthermore, the long-term and satisfactory business relationship between the Group and the Chu Family's Controlled Entities, as evidenced by the satisfactory leasing of office spaces in the past, supports the decision to continue these leases and include additional multi-purpose spaces. This decision not only promotes continuity and stability in the Group's operation but also provides flexibility to adapt to its business needs and potentially secure more favourable lease terms when necessary.

In light of the above, we are of the view that the rents payable under Transaction 3 and the Annual Caps for Transaction 3 are properly estimated. We are also of the view that Transaction 3 will be entered into on normal commercial terms and that the terms of Transaction 3 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

7.4. Transaction 4 — Administrative procurement and vehicles procurement

The Group agrees to appoint the Chu Family's Controlled Entities to provide certain administrative services and supplies to the Group including insurance, medical and health examination services, staff uniforms and internet. The Group also agrees to appoint the Chu Family's Controlled Entities to provide certain vehicles to the Group for client transportation services.

The payment for Transaction 4 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Group shall make the payment within 30 business days upon receipt of the relevant invoices from the Chu Family's Controlled Entities, depending on the types of products and/or services provided by the Chu Family's Controlled Entities.

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7.4.1. *Basis for determining the Annual Caps for Transaction 4*

Set out below are the Annual Caps for Transaction 4 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|--|--|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 4 — Administrative procurement and vehicles procurement | RMB9,780,000 (equivalent to approximately HK\$10,758,000) | RMB5,030,000 (equivalent to approximately HK\$5,533,000) | RMB6,730,000 (equivalent to approximately HK\$7,403,000) |

In determining the Annual Caps for Transaction 4 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement namely the prevailing market price offered by Independent Third Parties for providing similar services and products; and (ii) the scope and level of demand for administrative services and supplies, as well as vehicles for the three financial years ending 31 December 2026.

7.4.2. *Documents obtained and reviewed for Transaction 4*

In connection with Transaction 4, we have obtained, reviewed and examined (i) a schedule setting out the estimated fees payable by the Group to the Chu Family's Controlled Entities for administrative services, supplies and vehicles for the three years ending 31 December 2026; (ii) the prevailing market rates for similar administrative services, supplies and vehicles offered by Independent Third Parties; (iii) three sample quotations of administrative services and supplies from Independent Third Parties to the Group; and (iv) three sample quotations of administrative services and supplies from the Chu Family's Controlled Entities to the Group.

7.4.3. *Our analysis of the Annual Caps for Transaction 4*

To derive the Annual Caps for Transaction 4, the Company has multiplied the relevant unit prices of administrative services, supplies, and vehicles by their respective estimated quantities for the three years ending 31 December 2026.

The relevant pricing basis under the 2024 Framework Agreement

The fees payable by the Group to the Chu Family's Controlled Entities and the other terms for this transaction shall be determined by the parties with reference to the prevailing market prices offered by Independent Third Parties for providing similar services and products.

As Transaction 4 is a new transaction under the 2024 Framework Agreement, there is no direct comparison of previous contracts regarding administrative services, supplies and vehicles with the Chu Family's Controlled Entities. However,

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for the purpose of this evaluation, we have obtained three sample quotations of administrative services and supplies from the Chu Family's Controlled Entities to the Group and compared them to three sample quotations for similar services and supplies, selected on a random sampling basis, offered by Independent Third Parties to the Group. Based on our review, we noted that the prevailing market rates offered by Independent Third Parties are comparable to or less favorable than the estimated services or supplies fee payable by the Group to the Chu Family's Controlled Entities.

Furthermore, we have conducted independent research on the retail prices of the same vehicle models considered for purchase from the Chu Family's Controlled Entities. It was found that the prices of vehicles offered by the Chu Family's Controlled Entities were in line with, or no less favorable than, those available to general retail customers.

As such, we are of the view that the pricing basis adopted in Transaction 4 is comparable to, or no less favorable than the market level, and hence a reasonable and acceptable basis.

The proposed Annual Caps for Transaction 4

We noted that the Annual Caps for Transaction 4 are RMB9.8 million, RMB5.0 million, and RMB6.7 million for the three years ending 31 December 2026 respectively. The amount of fees payable by the Group is directly related to the Group's scope and level of demand for administrative services and supplies, as well as vehicles.

As discussed with the Company, it is indicated that the designated services, supplies, and vehicles are deemed essential for the Group's continuous operations and for providing benefits to its staff. These provisions are expected to effectively support the Group's daily operational requirements. In addition, we have conducted independent research on companies that are engaged in the real estate sector in the PRC. Our findings indicated that the provision of dedicated vehicle transportation services is a common practice in the PRC for enhancing customer service in property sales. This service is widely utilized as a value-adding feature to facilitate potential buyers' visits to property sites, thereby improving customer experience and engagement. Such services are regarded as essential in distinguishing companies in a competitive market and play a crucial role in the marketing and sales strategy of real estate companies. This practice aligns with current industry standards and the Group's business strategy of maintaining a high level of service quality.

With respect to the Annual Caps for Transaction 4 for the three financial years ending 31 December 2026, the proposed annual cap for the financial year ending 31 December 2024 is expected to be highest, as the Group expects to make the

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majority of vehicles procurement in that financial year and the vehicles are expected to be used for more than three years, and hence this results in higher estimated procurement costs when compared to that for the two financial years ending 31 December 2026. Based on the above, we concur with the Directors that the Annual Caps for Transaction 4, as well as the year-on-year fluctuation thereof, are fair and reasonable so far as the Independent Shareholders are concerned.

In light of the above, we are of the view that the fees payable under Transaction 4 and the Annual Caps for Transaction 4 are properly estimated. We are also of the view that Transaction 4 will be entered into on normal commercial terms and that the terms of Transaction 4 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

7.5. Transaction 5 — Information technology related services

The Group agrees to appoint the Chu Family's Controlled Entities to provide (i) information technology related services, including the planning, consultation, development, implementation, marketing and maintenance of the Group's information technology systems for the management of smart offices, labour, operations, financing, investment and the property industry; and (ii) ERP Systems services, including the establishment and maintenance of ERP Systems, to the Group.

The fees for Transaction 5 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Group shall pay the fees in phases and according to the completion schedule and status of the information technology projects. Approximately 40% of the total contract price shall normally be paid within 20 business days of the date of the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities, and subsequent payments shall be made in instalments upon completion and inspection of the project works.

7.5.1. Basis for determining the Annual Caps for Transaction 5

Set out below are the Annual Caps for Transaction 5 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|--|---|---|--|
| | 2024 | 2025 | 2026 |
| Transaction 5 — Information technology related services | RMB67,350,000 (equivalent to approximately HK\$74,085,000) | RMB80,000,000 (equivalent to approximately HK\$88,000,000) | RMB92,000,000 (equivalent to approximately HK\$101,200,000) |

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In determining the Annual Caps for Transaction 5 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement namely the prevailing market price offered by Independent Third Parties for providing similar services; (ii) the scope and extent of the services to be provided by the Chu Family's Controlled Entities to the Group; and (iii) the terms and scale of the historical transactions and the historical transaction amounts.

7.5.2. Documents obtained and reviewed for Transaction 5

In connection with Transaction 5, we have obtained, reviewed and examined (i) a schedule setting out the estimated service fees payable by the Group to the Chu Family's Controlled Entities for information technology related services for the three years ending 31 December 2026; (ii) a schedule setting out the historical fees paid by the Group for information technology related services for each project during the three years ended 31 December 2023; (iii) the prevailing market rates for, and terms of, similar information technology related services offered by Independent Third Parties; and (iv) three sample contracts, selected on a random sampling basis, on information technology related services entered into between the Group and the Chu Family's Controlled Entities during the three years ended 31 December 2023.

7.5.3. Our analysis of the Annual Caps for Transaction 5

The relevant pricing basis under the 2024 Framework Agreement

The fees payable by the Group to the Chu Family's Controlled Entities and the other terms for this transaction shall be determined by the parties with reference to the prevailing market prices offered by Independent Third Parties for providing similar services.

In this regard, we have reviewed the technology related service fees paid by the Group for the three years ended 31 December 2023, as well as the various market rates for similar services. We have obtained three sample contracts, selected on a random sampling basis, on information technology related services made between the Group and the Chu Family's Controlled Entities (i.e. containing over ten different products and other services) during the three years ended 31 December 2023 and compared them to three samples and/or references of fee/commission quotations for similar information technology related services, selected on a random sampling basis, offered by Independent Third Parties to the Group. Based on our review, we noted that the historical fees paid by the Group to the Chu Family's Controlled Entities for information technology related services were comparable to, or no less favorable than, such market rates and that the pricing basis adopted in Transaction 5 has been fair and reasonable.

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The scope and extent of the services to be provided by the Chu Family's Controlled Entities to the Group

Furthermore, we have inquired about the nature and description of the relevant information technology related services to be rendered by the Chu Family's Controlled Entities for the three years ending 31 December 2026. Given that the Annual Caps for Transaction 5 were determined based on the expected increase in demand for new system upgrades, as well as maintenance and support services required by the Group in each of the three years ending 31 December 2026, we are of the view that it is reasonable for the Annual Caps for Transaction 5 to increase by approximately 10% to 15% in 2025 and 2026 as compared with the prior year. In light of the above, we are of the view that the basis and assumptions in formulating the Annual Caps for Transaction 5 are fair and reasonable.

The terms and scale of the historical transaction and the historical transaction amounts

The historical transaction amounts for Transaction 5 were approximately RMB78.4 million, RMB56.0 million, and RMB43.0 million for the three years ended 31 December 2023. We noted that the Annual Caps for Transaction 5 for the three years ending 31 December 2026 have been adjusted downward compared to the previous relevant annual caps for the three years ended 31 December 2023. This adjustment reflects a strategic alignment with the actual historical transaction amounts for the three years ended 31 December 2023. It is noted that the Annual Caps for Transaction 5 for the three financial years ending 31 December 2026 are generally higher than the historical transaction amounts for the three financial years ended 31 December 2023, as the Group anticipates a growing demand for information technology related services in the coming three years, driven by its increase in demand for new system upgrades, as well as maintenance and support services as the Group's information technology systems become more sophisticated over the years. The proposed annual caps for Transaction 5 are expected to increase each year during the three financial years ending 31 December 2026.

We also noted that the Chu Family's Controlled Entities will be responsible for the maintenance work and potential upgrade of the information technology systems, which will be required in the coming three years. During the three financial years ended 31 December 2023, the Chu Family's Controlled Entities generally provided upgrade and maintenance services on an ad hoc basis as and when the Group required such services for its information technology systems. For the three financial years ending 31 December 2026, as the Group's information technology systems become more developed and complex, to ensure the ongoing integrity and security of the Group's information technology systems, and to safeguard against potential cyber threats and malfunctions, the Group considers it crucial to have upgrade and maintenance services for its software, hardware,

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networks and information technology infrastructure on a more regular basis. The Group plans to at least schedule quarterly upgrade and maintenance services for its information technology systems during the three financial years ending 31 December 2026. When compared to the three financial years ended 31 December 2023, the Group on average requested the Chu Family's Controlled Entities to provide similar upgrade and maintenance services two times a year. As such, it is expected that the Chu Family's Controlled Entities will provide the information technology related services more frequently under Transaction 5 during the three financial years ending 31 December 2026, which contributes to higher proposed annual caps for the same period. The proposed annual caps for Transaction 5 are expected to increase each year during the three financial years ending 31 December 2026, with an increment of an average of approximately RMB12,325,000 each year, having regard to the anticipated increase in demand for new system upgrades, maintenance and support services as the Group's information technology systems become more sophisticated over the years, as well as the business and informatisation plans of the Group for a particular year. Having considered such reason and the fact that the amount of information technology related service fees payable directly correlates with the scope of works involved, we concur with the Directors that the Annual Caps for Transaction 5 are fair and reasonable so far as the Independent Shareholders are concerned.

Having considered the experience of certain members of the Chu Family's Controlled Entities, their respective proven track records in the industry, and that the proposed pricing terms charged by the Chu Family's Controlled Entities are comparable to those of the Independent Third Parties for the provision of similar services, it is expected that the appointment of the Chu Family's Controlled Entities to provide the Group with information technology related services will further boost the overall operating efficiency and cost effectiveness of the Group as a whole.

In light of the above, we are of the view that the fees payable under Transaction 5 and the Annual Caps for Transaction 5 are properly estimated. We are also of the view that Transaction 5 will be entered into on normal commercial terms and that the terms of Transaction 5 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

7.6. Transaction 6 — Management of urban renewal projects and property development projects

The Group agrees to appoint the Chu Family's Controlled Entities to provide services to the Group in relation to the management of (i) certain urban renewal projects of the Group, including the urban renewal projects for Qianjin Road[#] (前進路), Yuangang Village[#] (員崗村), Xinji Village[#] (新基村), Chebei Village[#] (車陂村), Kangle Village[#] (康樂村) and Lujiang

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Village[#] (鷺江村), all of which are located in Guangdong Province, and other urban renewal projects to be undertaken by the Group from time to time; and (ii) certain property development projects of the Group.

The fees for Transaction 6 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Group shall pay the fees in phases and according to the completion schedule and status of the urban renewal and property development projects.

7.6.1. Basis for determining the Annual Caps under Transaction 6

Set out below are the Annual Caps for Transaction 6 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 6 — Management of urban renewal projects and property development projects | RMB329,760,000 (equivalent to approximately HK\$362,736,000) | RMB689,790,000 (equivalent to approximately HK\$758,769,000) | RMB670,710,000 (equivalent to approximately HK\$737,781,000) |

In determining the Annual Caps for Transaction 6 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement namely the prevailing market prices offered by Independent Third Parties for providing similar services and the applicable pricing standards and guidelines prescribed by the relevant government authorities; (ii) the scale of urban renewal and redevelopment and property development works expected to be carried out; and (iii) the aggregate investment cost to be contributed by the Group for the said projects. Generally, the Chu Family's Controlled Entities will charge about 2% to 3% of the aggregate investment cost to be contributed by the Group in the relevant property development projects as management service fees under Transaction 6. Where cost consultancy services are also provided as part of the property development management services, the Chu Family's Controlled Entities will normally charge the consultancy fees based on a 20% reduction from the rates specified in the 《廣東省物價局關於調整我省建設工程造價諮詢服務收費的覆函》 (Reply letter in relation to the adjustment of the pricing of fee enquiries for construction projects of the Price Control Administrative Bureau of Guangdong Province[#]) issued by 廣東省物價局 (Price Control Administrative Bureau of Guangdong Province[#]) in 2011.

7.6.2. Documents obtained and reviewed for Transaction 6

In connection with Transaction 6, we have obtained, reviewed and examined (i) a schedule setting out the estimated property development management fees payable by the Group to the Chu Family's Controlled Entities for the three financial years ending 31

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December 2026; (ii) the market rates or price quotations provided by Independent Third Parties for providing similar property development management services; and (iii) the standards and guidelines stipulated by the relevant government authorities.

7.6.3. Our analysis of the Annual Caps for Transaction 6

The relevant pricing basis under the 2024 Framework Agreement

The fees payable by the Group to the Chu Family's Controlled Entities and the other terms for this transaction shall be determined with reference to the prevailing market prices offered by Independent Third Parties for providing similar services and the applicable pricing standards and guidelines prescribed by the relevant government authorities.

In this regard, we noted that as part of the Group's internal control measures, the Group will continue to ensure that the quotations and terms for each of the engagements under the 2024–2026 Transactions will be conducted on normal commercial terms and comparable to, or better than, those offered by Independent Third Parties. This will be done by the Group first obtaining quotations and terms for similar services from at least two Independent Third Parties for reference before the Group enters into any individual agreement in respect of the 2024–2026 Transactions with the Chu Family's Controlled Entities. Given the implementation of these internal control measures and the fact that they have been effective in ensuring the prices and terms for transactions entered into between the Group and the Chu Family's Controlled Entities were on normal commercial terms or better, we consider the relevant pricing basis for Transaction 6 as fair and reasonable.

The historical transaction amounts and expected scale of urban renewal and development work

Pursuant to the 2024 Framework Agreement, it is noted that the Group agrees to appoint the Chu Family's Controlled Entities to provide services to the Group in relation to the management of certain renewal projects, which will involve urban renewal projects for Qianjin Road[#] (前進路), Yuangang Village[#] (員崗村), Xinji Village[#] (新基村), Chebei Village[#] (車陂村), Kangle Village[#] (康樂村) and Lujiang Village[#] (鷺江村), all of which are located in Guangdong Province, and other urban renewal projects to be undertaken by the Group from time to time, and certain property development projects of the Group.

In this regard, the management services to be provided by the Chu Family's Controlled Entities to the Group include but are not limited to services in relation to the management of tasks, project teams, human resources, financial matters, operational matters, construction matters, information technology systems, settlement of fees, property entrustment and software maintenance, as well as sales agency services, consultancy and advisory services.

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It is noted that the previous annual caps of Transaction 6 for the three years ended 31 December 2023 were unused. Upon inquiring with the Company, we understand that the urban renewal project of Lingshan Village required some prerequisite steps including the relocation of the residents and redevelopment of the area. However, the project experienced a halt due to pending governmental approvals, which are now expected to be obtained by late 2025. From our independent research on the procedures for urban renewal projects in Guangdong Province, we noted that the urban renewal process is complex and long, which involves multiple approval stages from different government departments before the relocation of residents can commence. Additionally, the impact of the Covid-19 pandemic had further slowed down the approval process in previous years.

We acknowledge that the property development industry in the PRC has encountered significant setbacks due to the Covid-19 pandemic and policy changes over the past three years, resulting in widespread operational disruptions, including those affecting government activities. As discussed in the previous section headed “4.1. Background information of the Group” of this letter, the property market is currently on a trajectory towards recovery, bolstered by supportive national policies. In addition, according to the article published by the PRC Guangzhou Municipality dated 2 November 2023¹, the government will speed up to process the urban renewal projects as part of the 14th Five-Year-Plan, which focuses on historical and cultural preservation, strategic development zones, core functional zones, transportation hubs, and addressing critical livelihood issues. Despite the complex nature of the approval processes, the proactive local government policies underscore a commitment that aligns with the Company’s interests, particularly under the improving market conditions and the diminishing impacts of the pandemic. Furthermore, the Annual Caps for Transaction 6 have been set to ensure that the Company has adequate capacity to capitalize on these opportunities in urban renewal and property development once the approvals are granted.

As part of the Group’s future business strategies and objectives, the Group plans to undertake various new urban renewal projects and property development projects during the three financial years ending 31 December 2026. Most of these projects are expected to commence preparatory works and prerequisite steps during the financial year ending 31 December 2024, and further proceed to the development stage in later years. Consequently, the Group requires the Chu Family’s Controlled Entities to provide various project management services under Transaction 6 from 2024 onwards. With more urban renewal projects in the pipeline, the Annual Caps for Transaction 6 for the three years ending 31 December 2026 are generally higher than the previous relevant annual caps for the three years ended 31 December 2023. From our discussion with the Company, it is noted that Annual Caps for Transaction 6 are expected to increase after the financial year

¹ Please refer to the article published by the PRC Guangzhou Municipality dated 2 November 2023 regarding the urban renewal projects at https://www.gz.gov.cn/zfw/zxfw/gysy/content/post_9298370.html

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ending 31 December 2024, as most of the projects are at the preparatory and commencement stage in 2024, and will progress to the development stage after the financial year ending 31 December 2024. Given that the progress and completion schedules of the projects are expected to be consistent throughout the two financial years ending 31 December 2026, the proposed annual caps for Transaction 6 remain relatively stable for the same period. Having considered such reason and the fact that the amount of management fees payable directly correlates with the scale of the projects, we concur with the Directors that the Annual Caps for Transaction 6, and the year-on-year fluctuation thereof, are fair and reasonable so far as the Independent Shareholders are concerned.

The aggregate investment cost to be contributed by the Group for the relevant property development project

We have reviewed the schedule setting out the estimated property development management fees payable by the Group to the Chu Family's Controlled Entities for the three years ending 31 December 2026. Given that (i) the Chu Family's Controlled Entities will charge 2% to 3% of the aggregate investment cost in the relevant property development project as property development management fee; (ii) the cost consulting fees will be charged based on a 20% reduction from the rates specified in the 《廣東省物價局關於調整我省建設工程造價諮詢服務收費的覆函(粵價函[2011]742號)》 (Reply letter in relation to the adjustment of the pricing of fee enquiries for construction projects of the Price Control Administrative Bureau of Guangdong Province (Yue Jia Han [2011] No. 742)[#]); (iii) the increase in renewal property development projects; and (iv) the development works will be increased for the two years ending 31 December 2026, it is estimated that the Group will pay the Chu Family's Controlled Entities property development management fees of approximately RMB329.8 million, RMB689.8 million and RMB670.7 million for each of three years ending 31 December 2026, respectively.

In addition, we noted that the prevailing market rates for similar property development management services provided by Independent Third Parties to the Group or those obtained from the public domain are in the region of approximately 2% to 5% of the investment cost in a property development project. Our comparison indicates that the estimated property development management services payable by the Group to the Chu Family's Controlled Entities is more favorable than those chargeable by Independent Third Parties. Having considered the above, we are of the view that property development management services used in determining the Annual Caps for Transaction 6 are properly estimated.

Also, as the Group and the Chu Family's Controlled Entities have established long-term business relationship, the Chu Family's Controlled Entities have a deep understanding of the Group's operations and its property projects as well as the expectations and requirements of the Group, which are considered by the Group to

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be necessary in designing and implementing property development management plans suitable for the Group. As such, the appointment of the Chu Family's Controlled Entities to provide the Group with property development management services can further boost the overall operating efficiency and cost effectiveness of the Group as a whole.

In light of the above, we are of the view that the fees payable under Transaction 6 and the Annual Caps for Transaction 6 are properly estimated. We are also of the view that Transaction 6 will be entered into on normal commercial terms and that the terms of Transaction 6 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Services to be provided/premises to be leased by the Group to Chu Family's Controlled Entities pursuant to the 2024 Framework Agreement:

7.7. Transaction 7 — Building design

The Chu Family's Controlled Entities agree to appoint the Group to provide building design services for certain property development projects of the Chu Family's Controlled Entities in regions including Xi'an, Beijing, Guangzhou, Shanghai, Chengdu and Shenzhen.

The fees for Transaction 7 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Chu Family's Controlled Entities shall pay the fees in phases and according to the completion schedule and status of the building design works. Approximately 20% of the total contract price shall normally be paid within 30 business days of the date of the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities, and subsequent payments shall be made in instalments upon completion and inspection of the building design works.

7.7.1. Basis for determining the Annual Caps under Transaction 7

Set out below are the Annual Caps for Transaction 7 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|--|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 7 — Building design | RMB144,080,000 (equivalent to approximately HK\$158,488,000) | RMB232,500,000 (equivalent to approximately HK\$255,750,000) | RMB132,600,000 (equivalent to approximately HK\$145,860,000) |

In determining the Annual Caps for Transaction 7 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement, namely the prevailing market prices offered by Independent

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Third Parties for providing similar services and the applicable pricing standards and guidelines prescribed by the relevant governmental authorities; (ii) the Directors' estimation of the aggregate sizes and types of the property development projects of the Chu Family's Controlled Entities for which building design work is proposed to be assigned to the Group based on the Directors' discussion with the Chu Family's Controlled Entities; and (iii) the terms and scale of the historical transaction and the historical transaction amounts.

7.7.2. Documents obtained and reviewed for Transaction 7

In connection with Transaction 7, we have obtained, reviewed and examined (i) a schedule setting out the estimated building design fees receivable by the Group from the Chu Family's Controlled Entities for carrying out the building design works for certain property projects of the Chu Family's Controlled Entities for the three financial years ending 31 December 2026; (ii) a schedule setting out the historical building design fees received by the Group from the Chu Family's Controlled Entities during the three financial years ended 31 December 2023; (iii) three samples of building design service contracts made between the Group and the Chu Family's Controlled Entities during the three financial years ended 31 December 2023 and up to the Latest Practicable Date; and (iv) three samples of building design service contracts/quotations offered by Independent Third Parties during the three financial years ended 31 December 2023 and up to the Latest Practicable Date.

7.7.3. Our analysis of the Annual Caps for Transaction 7

In deriving the Annual Caps for Transaction 7, the Group had multiplied the relevant costs for different building design works per square metre with the aggregate gross floor area of the said property development projects.

The relevant pricing basis under the 2024 Framework Agreement

The fees payable by the Chu Family's Controlled Entities to the Group and the other terms of this transaction (i) shall be determined by the parties with reference to the latest market prices offered by Independent Third Parties for providing similar design services; and (ii) shall conform with the applicable standards and guidelines prescribed by the relevant local authority on the fees for providing similar services, including the 《建築設計服務計費指導》 (Guide on fees charged for construction design services[#]) issued by the 中國勘察設計協會 (China Engineering and consulting association[#]) in 2015.

To determine whether the various estimated average unit building design fees receivable by the Group from the Chu Family's Controlled Entities for the three financial years ending 31 December 2026 are on normal commercial terms, we have compared the prevailing market rates for similar building design services provided by Independent Third Parties to the estimated unit building design fees receivable

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by the Group from the Chu Family's Controlled Entities for the three financial years ending 31 December 2026. In this regard, we have obtained three samples of building design service contracts, selected on a random sampling basis, made between the Group and the Chu Family's Controlled Entities during the three financial years ended 31 December 2023 and up to the Latest Practicable Date, and compared that to the then market rates and terms, which include three samples of price quotations and/or contracts each, for similar services offered by Independent Third Parties to the Group during the same period, also selected on a random sampling basis. Based on our discussion with the management and our review of the documents, we noted that the building design fees received by the Group, as well as the estimated unit building design fees chargeable by the Group, are in line with the market rates of various types of building design work.

Having considered the above, we are of the view that the unit building design fees used in determining the Annual Caps for Transaction 7 for the three financial years ending 31 December 2026 are properly estimated.

The Directors' estimation of the aggregate sizes and types of the property development projects of the Chu Family's Controlled Entities for which building design work is proposed to be assigned to the Group based on the Directors' discussion with the Chu Family's Controlled Entities

We have reviewed the schedule in respect of the estimated aggregate gross floor areas of property development projects of the Chu Family's Controlled Entities in Xi'an, Beijing, Guangzhou, Shanghai, Chengdu and Shenzhen, the building design work of which are expected to be carried out by the Group for the three financial years ending 31 December 2026. The estimated aggregate gross floor area of the said property development projects in the abovesaid regions is approximately 9,905,675 sq.m. and these projects are expected to be completed in the three years ending 31 December 2026. These property development projects cover residential and commercial buildings.

We have also reviewed the prevailing market rates for similar building design works provided by the Group to Independent Third Parties and compared them to the pricing basis adopted by the Group when determining the Annual Caps for Transaction 7. Our comparison indicates that the estimated unit building design fees receivable by the Group from the Chu Family's Controlled Entities falls within the market range and are comparable to, or better than, those chargeable by the Group to Independent Third Parties. Having considered the above, we are of the view that the building design fees used in determining the Annual Caps for Transaction 7 are properly estimated.

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The terms and scale of the historical transaction and the historical transaction amounts

We noted that the Annual Caps for Transaction 7 for the three years ending 31 December 2026 are generally higher than the historical transaction amounts for the three years ended 31 December 2023. We have inquired the Company regarding such increase in the Annual Caps for Transaction 7, and noted that it is mainly due to the fact that the Chu Family's Controlled Entities expect to demand an increasing amount of the Group's building design services in view of their increasing number of properties to be delivered for the three years ending 31 December 2026. From our discussion with the Company, we noted that the Chu Family's Controlled Entities have been planning to expand their property development projects for the three years ending 31 December 2026. As stated in the Board Letter, based on the Directors' discussion with the Chu Family's Controlled Entities, the Chu Family's Controlled Entities will continue to make efforts to expand their property development projects in the forthcoming years, as a strategic response to the evolving market conditions and as part of their plans to recover and revive their business which had been partially affected by the Covid-19 pandemic in previous years. Such expansion plan is expected to increase the number and scale of properties to be delivered, and in turn the Chu Family's Controlled Entities' demand for the Group's building design services under Transaction 7 during the three financial years ending 31 December 2026. In particular, it is estimated that the Group will provide building design services to certain residential and commercial property development projects of the Chu Family's Controlled Entities in regions including Xi'an, Beijing, Guangzhou, Shanghai, Chengdu and Shenzhen, which in aggregate have an estimated gross floor area of approximately 9,905,675 sq.m. and such projects are expected to be completed in the three financial years ending 31 December 2026.

Based on our analysis and observations, we noted that the property market has shown signs of recovery. In the first half of 2023, the overall performance of the property market receded due to the persistently weak housing loan demand and the decline in housing prices. On 24 July 2023, a pivotal shift was signaled during a meeting held by the Political Bureau of the Communist Party of China Central Committee. Recognising the changes in the supply-demand dynamics of property market in the PRC, it was emphasised that urgent adjustment and refinement of real estate policies is necessary. The proposed approach would entail adopting city-specific strategies and fully utilising a comprehensive set of policy measures to meet the fundamental housing needs of residents while also accommodating their desires for improved living condition, thereby fostering a stable and healthy growth in the property market. Subsequently, a set of policy measures was deployed, focusing on areas such as enhancing demand-side housing purchase policies, aiding financing for property developers, increasing the construction of affordable housing, and promoting urban village transformations. This includes: (i) the implementation

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of the "recognise housing but not loans" policy for first-time homebuyers; (ii) the reduction of the down payment ratio for first and second homes to a lower limit of 20% and 30% respectively; and (iii) the decrease in the interest rate for existing first-time home loans. These policy measures, coupled with the anticipated acceleration in urban village transformations, are expected to foster a gradual stabilisation and recovery of the property market. Furthermore, the housing purchase restrictions have been continuously relaxed by the government, only six cities in China have yet to fully lift housing purchase restrictions as at 10 May 2024², indicating that the government is pushing to revitalize the property market. Given these developments, the Directors, having discussed with the Chu Family's Controlled Entities, anticipate an expansion of property development projects in the coming year as a strategic response to evolving market conditions. We concur that this expectation is reasonable, considering the supportive policy environment and the anticipated market recovery.

Having considered such reason and the fact that the progress of each property development project is expected to vary each year, and that the amount of design fees payable directly correlates with the number and scale of construction projects to be involved, we concur with the Directors that the Annual Caps for Transaction 7, as well as the year-on-year fluctuation thereof, are fair and reasonable so far as the Independent Shareholders are concerned.

Also, given that the Group and the Chu Family's Controlled Entities have already established a business relationship and that the building design services provided by the Group have been satisfactory, the Group views the prospect of continued engagement by the Chu Family's Controlled Entities to provide building design services positively. In view of the good payment records of Chu Family's Controlled Entities with the Group, the provision of more services by the Group under Transaction 7, which is on normal commercial terms or better, would provide an additional and steady source of income to the Group and is in the interests of the Company and the Shareholders as a whole.

In light of the above, we are of the view that the fees receivable under Transaction 7 and the Annual Caps for Transaction 7 are properly estimated, which enables the Group to capture the business opportunities as discussed above and enhance its profitability. We are also of the view that Transaction 7 will be entered into on normal commercial terms and that the terms of Transaction 7 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

² Please refer to the real estate report dated 10 May 2024 published on China Index, a Chinese real estate information and analytics service platform, at <https://www.cih-index.com/report/detail/74707.html>

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7.8. Transaction 8 — Property management and related services

The Chu Family's Controlled Entities agree to appoint the Group to provide property management and related services to properties of certain property development projects of the Chu Family's Controlled Entities, including property management services for vacant properties, value-added property services, refurbishment and renovation services, on-site services for sale centres and presentation centres, consultancy services as well as promotion services for new properties.

The fees for Transaction 8 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Chu Family's Controlled Entities shall make the payment in arrears on a quarterly basis.

7.8.1. Basis for determining the Annual Caps under Transaction 8

Set out below are the Annual Caps for Transaction 8 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 8 — Property management and related services | RMB376,810,000 (equivalent to approximately HK\$414,491,000) | RMB404,990,000 (equivalent to approximately HK\$445,489,000) | RMB449,570,000 (equivalent to approximately HK\$494,527,000) |

In determining the Annual Caps for Transaction 8 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement, namely the prevailing market price offered by Independent Third Parties for providing similar services in regions including the Guangdong province, Zhejiang province, Hebei province, Tianjin, Beijing and Shanghai; (ii) the expected number of properties and aggregate gross floor area thereof that the Chu Family's Controlled Entities require property management and related services; (iii) the cost to be incurred for the provision of such property management and related services by the Group; and (iv) the terms and scale of the historical transaction and the historical transaction amounts.

7.8.2. Documents obtained and reviewed for Transaction 8

In connection with Transaction 8, we have obtained, reviewed and examined (i) a schedule setting out the estimated management fees receivable by the Group from the Chu Family's Controlled Entities for providing management services for properties in regions including the Guangdong province, Zhejiang province, Hebei province, Tianjin, Beijing and Shanghai for the three years ending 31 December 2026; (ii) a schedule setting out the historical management fees received by the Group from the Chu Family's Controlled Entities for its management services for properties during the three years

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ended 31 December 2023; (iii) the prevailing market rates for similar management services for properties of similar grades in the nearby regions with reference to the terms offered by Independent Third Parties; (iv) three samples of property management contracts made between the Group and the Chu Family's Controlled Entities during the three years ended 31 December 2026 and up to the Latest Practicable Date; and (v) reference materials for setting management fees for properties, including any standards and guidelines stipulated by the relevant government authorities.

7.8.3. Our analysis of the Annual Caps for Transaction 8

In deriving the Annual Caps for Transaction 8, the Group has considered various factors such as the expected number of properties, aggregate gross floor area, vacancy rates, and the corresponding fees for property management services, value-added property services and related services based on existing contracts and the completion plan of future property development projects of the Chu Family's Controlled Entities.

The relevant pricing basis under the 2024 Framework Agreement

The fees payable by the Chu Family's Controlled Entities to the Group and the other terms of this transaction shall be determined by the parties with reference to the prevailing market prices offered by Independent Third Parties for providing similar services in regions including the Guangdong province, Zhejiang province, Hebei province, Tianjin, Beijing and Shanghai.

In this regard, we have reviewed the unit management fee received by the Group for the three years ended 31 December 2023. We have also obtained three samples of property management contracts, selected on a random sampling basis, made between the Group and the Chu Family's Controlled Entities during the three years ended 31 December 2023 and up to the Latest Practicable Date and compared that to the then market rates for similar services offered by Independent Third Parties. Based on our review of the documents, we noted that the average unit management fees received by the Group from the Chu Family's Controlled Entities fall within the market range and are comparable to, or better than, those chargeable by the Group to Independent Third Parties. As such, the comparison shows that the historical management fees received by the Group from the Chu Family's Controlled Entities were comparable to, or no less favorable than, such market rates and that the pricing basis adopted in Transaction 8 has been fair and reasonable.

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The expected number of properties and the aggregate gross floor area thereof that the Chu Family's Controlled Entities will require the services of property management and related services

From our review of the schedule which sets out the estimated management fees receivable by the Group from the Chu Family's Controlled Entities for providing property management and related services to properties of certain property development projects of the Chu Family's Controlled Entities for the three years ending 31 December 2026, we noted that the Group will (i) manage 61 vacant properties in regions including the Guangdong province, Zhejiang province, Hebei province, Tianjin, Beijing and Shanghai and in aggregate have a gross floor area of approximately 976,750 sq.m. in 2024, 832,366 sq.m. in 2025 and 752,089 sq.m. in 2026; and (ii) provide value-added property services, refurbishment and renovation services, on-site services for sale centres and presentation centres, consultancy services, and promotion services for new properties to the Chu Family's Controlled Entities.

As discussed in previous section in Transaction 7 heading "7.7.3. Our analysis of the Annual Caps for Transaction 7", the property market began showing signs of recovery starting from the second half of 2023. The PRC government has continued to introduce various policies to support the ongoing development of the property market. We noted that the property development projects under Transaction 8 are located across economically significant and diverse regions including Guangdong, Zhejiang, Hebei, Tianjin, Beijing, and Shanghai. These regions are known for their dynamic real estate markets and serve as economic hubs, offering enhanced growth opportunities, as different regions may experience varied rates of recovery. As such, we concur with the Directors, having discussed with the Chu Family's Controlled Entities, that it is anticipated that the property development projects will expand in the coming year as a strategic response to evolving market conditions.

We noted that when determining the Annual Caps for Transaction 8, the Group had multiplied its fee for vacant property management services between RMB0.9 and RMB4.5 per sq.m. with the gross floor area of the relevant vacant properties. In this regard, we have reviewed the prevailing market rates for similar property management services provided by Independent Third Parties or those obtained from the public domain and noted that in general, Independent Third Parties charge between RMB0.78 and RMB4.5 per sq.m. for similar property management services. Our comparison indicates that the estimated vacant property management fees receivable by the Group from the Chu Family's Controlled Entities fall within the market range and are comparable to those chargeable by Independent Third Parties. Having considered the above, we are of the view that the management fees used in determining the Annual Caps for Transaction 8 are properly estimated.

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Additionally, the Group has also considered the estimated fees for the new services, such as value-added property services, refurbishment and renovation services, on-site services for sale centres and presentation centres, consultancy services, and promotion services for new properties, when determining the Annual Caps for Transaction 8. After reviewing the schedule setting out the estimated fees for the new services, we concur that the fees have been estimated with the prevailing market rates and the expected demand for these services from the Chu Family's Controlled Entities.

The terms and scale of the historical transaction and the historical transaction amounts

We noted that the Annual Caps for Transaction 8 for the three years ending 31 December 2026 have increased significantly compared to the historical transaction amounts for the three years ended 31 December 2023. We have inquired the Company regarding such substantial growth in the Annual Caps, and noted that (i) the Group expects that there will be an increase in the number and scale of properties which require the Group's property management and related services under Transaction 8 due to an expected increase in completed property development projects of the Chu Family's Controlled Entities; and (ii) the scope of services to be provided to the Chu Family's Controlled Entities under Transaction 8 will be expanded to include value-added property services, refurbishment and renovation services, on-site services for sale centres and presentation centres, consultancy services and promotion services for new properties.

In the same vein, the increase in the Annual Cap for Transaction 8 for each of the three years ending 31 December 2026 is mainly due to the increase in the estimated gross floor area of the properties of Chu Family's Controlled Entities which will require the Group's property management and related services. Having considered such reason and the fact that the amount of property management fees payable directly correlates with the number of properties to be involved, we concur with the Directors that the Annual Caps for Transaction 8, as well as the year-on-year increase thereof, are fair and reasonable so far as the Independent Shareholders are concerned.

Also, given that the Group and the Chu Family's Controlled Entities have already established a business relationship and that the property management and related services provided by the Group have been satisfactory, the Group views the prospect of continued engagement by the Chu Family's Controlled Entities to provide such services positively. In view of the good payment records of Chu Family's Controlled Entities, the provision of more services by the Group under Transaction 8, which is on normal commercial terms or better, would provide an additional and steady source of income to the Group and is in the interests of the Company and the Shareholders as a whole.

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In light of the above, we are of the view that the fees receivable under Transaction 8 and the Annual Caps for Transaction 8 are properly estimated, which enables the Group to capture the business opportunities as discussed above and enhance its profitability. We are also of the view that Transaction 8 will be entered into on normal commercial terms and that the terms of Transaction 8 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

7.9. Transaction 9 — Office and shop lease

The Group agrees to lease certain premises located in regions including Guangzhou, Chengdu, Beijing and Xi'an to the Chu Family's Controlled Entities for use as offices and shops.

The payment for Transaction 9 shall be made according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Chu Family's Controlled Entities shall make the payment in advance on a regular basis, either monthly or quarterly.

7.9.1. Basis for determining the Annual Caps under Transaction 9

Set out below are the Annual Caps for Transaction 9 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|--|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 9 — Office and shop lease | RMB11,890,000 (equivalent to approximately HK\$13,079,000) | RMB13,990,000 (equivalent to approximately HK\$15,389,000) | RMB14,420,000 (equivalent to approximately HK\$15,862,000) |

In determining the Annual Caps for Transaction 9 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement, namely the prevailing market rents for similar premises in similar locations; (ii) the proposed lease premises identified and the aggregate size thereof; and (iii) the terms and scale of the historical transaction and the historical transaction amounts.

7.9.2. Documents obtained and reviewed for Transaction 9

In connection with Transaction 9, we have obtained, reviewed and examined (i) a schedule setting out the location and aggregate size of the relevant premises to be leased by the Group to the Chu Family's Controlled Entities in Guangzhou, Chengdu, Beijing and Xi'an, and the respective estimated rents payable by the Chu Family's Controlled Entities to the Group for the relevant premises for three years ending 31 December 2026; (ii) a schedule setting out the historical rents paid by the Chu Family's Controlled

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Entities to the Group for commercial premises leased during the three years ended 31 December 2023; and (iii) three sample rental contracts entered into between the Group and the Chu Family's Controlled Entities for commercial premises owned by the former during the three years ended 31 December 2023 and up to the Latest Practicable Date.

7.9.3. Our analysis of the Annual Caps for Transaction 9

The relevant pricing basis under the 2024 Framework Agreement

The rent payable by the Chu Family's Controlled Entities to the Group and the other terms of this transaction shall be determined by the parties with reference to the prevailing market rents charged by Independent Third Parties for leasing out similar types of properties.

In this regard, we noted that as part of the Group's internal control measures, the Group will continue to ensure that the quotations and terms for each of the leases under the 2024–2026 Transactions will be conducted on normal commercial terms and comparable to, or better than, those offered by Independent Third Parties. This will be done by the Group first obtaining quotations and terms for similar leases from at least two Independent Third Parties for reference before the Group enters into any individual agreement in respect of the 2024–2026 Transactions with the Chu Family's Controlled Entities. Given the implementation of these internal control measures and the fact that they have been effective in ensuring the prices and terms for transactions entered into between the Group and the Chu Family's Controlled Entities were on normal commercial terms or better, we consider the relevant pricing basis for Transaction 9 as fair and reasonable.

We have also reviewed the terms of three rental contracts, selected on a random sampling basis, made between the Group and the Chu Family's Controlled Entities during the three years ended 31 December 2023 and up to the Latest Practicable Date and compared the rental rates in such rental contracts to the then market rates or rental rates as listed/quoted by PRC property leasing agents of similar premises. In this regard, we have obtained samples and/or references of fee/commission quotations for leasing out similar types of properties, obtained from the public domain (i.e., per square metre rental rates published by PRC property agents such as 房天下 (Fang.com), 好租 (haozu.com), 點點租 (Diandianzu) and Jones Lang Lasalle. Our review shows that the per square metre rental rates paid by the Chu Family's Controlled Entities to the Group were within the market rate and therefore the comparison shows that the historical rental rates paid by the Chu Family's Controlled Entities to the Group were comparable to, or no less favorable than, such market rates.

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The proposed lease premises identified and the aggregate size thereof

We noted that the Chu Family's Controlled Entities expect to rent offices in nineteen commercial buildings with an aggregate gross floor area of approximately 9,387 sq.m. in Guangzhou, Chengdu, Beijing and Xi'an for the three years ending 31 December 2026. From our review of the office premises to be leased to the Chu Family's Controlled Entities, we noted that some of them are already currently being leased to the Chu Family's Controlled Entities. Given this ongoing leasing relationship and the continuity in office requirements, we are of the view that the size of the offices to be leased by the Group is properly estimated.

The terms and scale of the historical transaction and the historical transaction amounts

We noted that the Annual Caps for Transaction 9 for the three years ending 31 December 2026 have been adjusted downward compared to the previous relevant annual caps for the three years ended 31 December 2023. This adjustment reflects a strategic alignment with the actual historical transaction amounts for the three years ended 31 December 2023. We have inquired with the Company regarding the low utilisation rate and its decreasing trend, and noted that it is mainly due to the fact that there is a change in demand for the premises from the Chu Family's Controlled Entities.

Despite the historical trend of reduced utilization, we noted from the Company that the Group expects the Chu Family's Controlled Entities will not only continue to lease the same office and shop premises throughout the three years ending 31 December 2026 but will also expand their operations into new premises. Consequently, while the past trend reflected a decrease, the inclusion of new premises anticipated to be rented, as well as an expected rent increase of 5%, is expected to drive an increase in the overall demand for leased space. Having considered such reason and the fact that the amount of rent payable directly correlates with the location and size of the premises to be involved, we concur with the Directors that the Annual Caps for Transaction 9, as well as the year-on-year increase thereof, are fair and reasonable so far as the Independent Shareholders are concerned.

In light of the above, we are of the view that the rents receivable under Transaction 9 and the Annual Caps for Transaction 9 are properly estimated. We are also of the view that Transaction 9 will be entered into on normal commercial terms and that the terms of Transaction 9 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

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7.10. Transaction 10 — Operational and building management

The Chu Family’s Controlled Entities agree to appoint the Group to provide operational and building management services for certain property development projects of the Chu Family’s Controlled Entities, including pre-development management, building management, lease management, operations management, redevelopment management and information technology systems management services.

The fees for Transaction 10 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family’s Controlled Entities. Generally, the Chu Family’s Controlled Entities shall make the payment on a quarterly basis within 10 to 15 business days upon receipt of the relevant invoices from the Group.

7.10.1. Basis for determining the Annual Caps under Transaction 10

Set out below are the Annual Caps for Transaction 10 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|---|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 10 — Operational and building management | RMB217,120,000 (equivalent to approximately HK\$238,832,000) | RMB300,160,000 (equivalent to approximately HK\$330,176,000) | RMB424,090,000 (equivalent to approximately HK\$466,499,000) |

In determining the Annual Caps for Transaction 10, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement, namely the pricing standards of Independent Third Parties for providing similar services in the industry; (ii) the Directors’ estimation of the number and size of the property development projects of the Chu Family’s Controlled Entities which require the Group’s services based on the Directors’ discussion with the Chu Family’s Controlled Entities; (iii) the estimated total construction costs, cost of services and expenses of the aforesaid property development projects; and (iv) the terms and scale of the historical transaction and the historical transaction amounts.

7.10.2. Documents obtained and reviewed for Transaction 10

In connection with Transaction 10, we have obtained, reviewed and examined (i) a schedule setting out the estimated fees receivable by the Group from the Chu Family’s Controlled Entities for the former’s provision of operational and building management services for the three financial years ending 31 December 2026; (ii) the number and sizes of the property development projects of the Chu Family’s Controlled Entities which require the Group’s services for the three financial years ending 31 December 2026; (iii) a schedule setting out the historical operational and building management fees received by the Group from the Chu Family’s Controlled Entities during the three financial years

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ended 31 December 2023; (iv) three samples of property management service contracts made between the Group and the Chu Family's Controlled Entities during the three years ended 31 December 2023; and (v) three samples of similar property management service contracts made between the Group and Independent Third Parties during the same period.

7.10.3. Our analysis of the Annual Caps for Transaction 10

In deriving the Annual Caps for Transaction 10, the Company has estimated the number of property development projects of the Chu Family's Controlled Entities which require the Group's services as well as the revenue to be generated by the Chu Family's Controlled Entities from such projects and the estimated percentage fee chargeable on those projects for each of the three financial years ending 31 December 2026.

The relevant pricing basis under the 2024 Framework Agreement

The services fee payable by the Chu Family's Controlled Entities to the Group and the other terms of this transaction shall be determined by the parties with reference to the pricing standards of Independent Third Parties for providing similar services in the industry.

To determine whether the pricing basis under Transaction 10 are on normal commercial terms, we have compared the pricing criteria determined by the Group for the relevant projects to the prevailing market rates for similar services provided by Independent Third Parties. In this regard, we have obtained three samples of similar property management service contracts, selected on a random sampling basis, made between the Group and the Chu Family's Controlled Entities during the three years ended 31 December 2023 and compared that to the then market rates and terms for similar services offered by the Group to Independent Third Parties during the same period (in this regard, three samples of similar property management service contracts made between the Group and Independent Third Parties were selected on a random sampling basis). Based on our review of the documents, we noted that the Group charges various fees for services related to property operations and building management, including pre-development management, building management, lease management, operations management, redevelopment management and information technology systems management, which are determined using different methods, such as percentages of project investment cost, revenue or EBITDA, as well as fixed fees per project or per square meter. Upon comparison, we noted that the fees charged by the Group were in line with, or better than, the market rates for comparable services. For example, for pre-development management, the Group charges a management fee ranging from 2% to 10% of the project investment cost, while the market rates for similar services ranged from 2% to 6%. Accordingly, we consider that the fees received by the Group for Transaction 10, as well as the pricing criteria determined by the Group, were in line with the market rates for similar services.

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Having considered the above, we are of the view that the pricing criteria used in determining the Annual Caps for Transaction 10 are properly estimated.

The estimated number and size of the property development projects of the Chu Family's Controlled Entities which require the Group's services based on the Directors' discussion with the Chu Family's Controlled Entities

From our review of the schedule which sets out the estimated fees receivable by the Group from the Chu Family's Controlled Entities for the former's provision of operational and building management services for the three financial years ending 31 December 2026, we noted that pursuant to Transaction 10, the Group will manage 60 property development projects of the Chu Family's Controlled Entities and the aggregate floor area of these property development projects which will demand the Group's operational and building management services amounts to approximately 9,616,992 sq.m for the three financial years ending 31 December 2026.

As discussed in section head "7.7.3. Our analysis of the Annual Caps for Transaction 7" for Transaction 7, the property market began showing signs of recovery starting from the second half of 2023. The PRC government has continued to introduce various policies to support the ongoing development of the property market. We concur with the Directors, that having discussed with the Chu Family's Controlled Entities, it is anticipated that the property development projects will expand in the coming year as a strategic response to evolving market conditions.

Upon reviewing the schedule setting out the estimated fees for operational and building management services receivable by the Group from the Chu Family's Controlled Entities for the three years ending 31 December 2026, we observed that the rates of management fee have been applied in estimating the operational and building management service fees, which are in line with the historical pricing basis. This approach reflects the continuity in the scope of services to be provided under Transaction 10, which is expected to remain largely similar to those in the historical transactions.

The terms and scale of the historical transaction and the historical transaction amounts

We noted that the Annual Caps for Transaction 10 for the three years ending 31 December 2026 have been adjusted downward significantly compared to the previous annual caps for the three years ended 31 December 2023 under the 2021 Framework Agreement. This adjustment was a strategic alignment to better reflect the actual historical transaction amounts for the three years ended 31 December 2023.

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On the other hand, since the scale and number of the property development projects of the Chu Family's Controlled Entities are expected to increase for the three years ending 31 December 2026, and hence an increase in demand for Group's service under Transaction 10. Having considered the fact that the amount of operational and building management fees receivable by the Group directly correlates with the number and scale of property development projects to be involved, we concur with the Directors that the Annual Caps for Transaction 10, as well as the year-on-year increase thereof, are fair and reasonable so far as the Independent Shareholders are concerned.

Meanwhile, given that the Group and the Chu Family's Controlled Entities have already established a business relationship and that the operational and building management services provided by the Group have been satisfactory, the Group views the prospect of continued engagement by the Chu Family's Controlled Entities to provide such services positively. Also, given the good payment records of Chu Family's Controlled Entities with the Group, the provision of more services by the Group under Transaction 10, which is on normal commercial terms or better, would provide an additional and steady source of income to the Group and is in the interests of the Company and the Shareholders as a whole.

In light of the above, and considering the use of appropriate management fee rates and the estimated project volume as discussed, we are of the view that the fees receivable under Transaction 10 and the Annual Caps for Transaction 10 are properly estimated, which enables the Group to capture the business opportunities as discussed above and enhance its profitability. We are also of the view that Transaction 10 will be entered into on normal commercial terms and that the terms of Transaction 10 are fair and reasonable so far as the Independent Shareholders are concerned, and are the interests of the Company and the Shareholders as a whole.

7.11. Transaction 11 — Construction

The Chu Family's Controlled Entities agree to appoint the Group to provide construction services for certain property development projects of the Chu Family's Controlled Entities.

The fees for Transaction 11 shall be paid according to the payment terms set out in the individual contract or agreement to be entered into between the Group and the Chu Family's Controlled Entities. Generally, the Group issues invoices in accordance with the completion schedule and status of the construction works. The Chu Family's Controlled Entities shall normally settle the fees within 28 business days upon receipt of the relevant invoices from the Group.

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7.11.1. *Basis for determining the Annual Caps under Transaction 11*

Set out below are the Annual Caps for Transaction 11 for each of the three financial years ending 31 December 2026:

| | Proposed Annual Caps for the year ending 31 December | | |
|--|---|---|---|
| | 2024 | 2025 | 2026 |
| Transaction 11 — Construction | RMB5,856,540,000 (equivalent to approximately HK\$6,442,194,000) | RMB4,945,340,000 (equivalent to approximately HK\$5,439,874,000) | RMB3,186,270,000 (equivalent to approximately HK\$3,504,897,000) |

In determining the Annual Caps for Transaction 11 under the 2024 Framework Agreement, the Group has taken into account (i) the relevant pricing basis under the 2024 Framework Agreement, namely the latest market prices charged by Independent Third Parties for providing similar services and the applicable pricing standards and guidelines prescribed by the relevant governmental authorities; (ii) the approximate aggregate gross floor area of the property development projects of the Chu Family’s Controlled Entities to be carried out by the Group located in Beijing, Tianjin, Kunshan and Guangzhou; (iii) the proportion of the relevant construction projects expected to be completed in each of the three financial years ending 31 December 2026; (iv) the scope and scale of works to be required from the Group based on the estimated completion schedule; and (v) the terms and scale of the historical transaction and the historical transaction amounts.

7.11.2. *Documents obtained and reviewed for Transaction 11*

In connection with Transaction 11, we have obtained, reviewed and examined (i) a schedule setting out the estimated construction fees payable by the Chu Family’s Controlled Entities to the Group for the three financial years ending 31 December 2026; (ii) a schedule setting out the breakdown of the estimated average unit construction cost; (iii) reference materials for setting prices for construction works, including standards and guidelines stipulated by the relevant government authorities; and (iv) three sample construction contracts entered into between the Group and the Chu Family’s Controlled Entities during the three years ended 31 December 2023 and up to the Latest Practicable Date.

7.11.3. *Our analysis of the Annual Caps for Transaction 11*

In deriving the Annual Caps for Transaction 11, the Company has multiplied the estimated average unit construction fee chargeable by the Group with the estimated aggregate gross floor areas of property projects of the Chu Family’s Controlled Entities in Beijing, Tianjin, Kunshan and Guangzhou, the construction of which are expected to be performed by the Group for each of the three financial years ending 31 December 2026.

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The relevant pricing basis under the 2024 Framework Agreement

The construction fees payable by the Chu Family's Controlled Entities to the Group and the other terms of this transaction shall be determined by the parties with reference to (i) the prevailing market prices offered by Independent Third Parties for providing similar services; and (ii) the standards and guidelines prescribed by 建設委員會 (Construction Committee[#]) of the region where the projects are located, such as (a) 《建設工程工程量清單計價規範》 (Code of valuation with bill quantity of construction works[#]) (GB50500-2013) published by 中華人民共和國住房和城鄉建設部 (Ministry of Housing and Urban-Rural Development of the PRC[#]) in 2012; (b) 《天津市建築工程預算基價》 (Tianjin construction project budgeting standard[#]) published by 天津市住房和城鄉建設委員會 (Tianjin Housing and Urban-Rural Development Commission[#]) in 2020; and (c) 《廣東省建設工程計價依據(2018)》 (Costing basis of construction and installation works, Guangdong Province (2018)[#]) published by 廣東省住房和城鄉建設廳 (Department of Housing and Urban-Rural Development of Guangdong Province[#]) in 2019.

As analyzed in the above sub-section on Transaction 1, whilst the estimated unit construction fee for each of the property projects may vary as they are subject to a few factors, the overall effect after averaging them is very close and hence the Company has estimated the average unit construction fee chargeable to the Chu Family's Controlled Entities by taking the average of the estimated unit fees for each of the property projects and we considered such approach to be reasonable.

In this regard, we have compared the estimated unit construction fee payable by the Chu Family's Controlled Entities to the Group with the latest standards and guidelines stipulated by the relevant government authorities. We have also obtained the reference materials used by the Group in determining prices for similar construction services. Based on our discussion with the management and our review of the documents, we noted that the estimated unit construction fee chargeable by the Group are in line with the market range for similar construction services and in accordance to the latest standards and guidelines as stipulated by the relevant government authorities. As such, the comparison shows that the estimated construction fees payable by the Chu Family's Controlled Entities to the Group are comparable to, or no less favourable than, the market level of fees for similar services and that the pricing basis adopted in Transaction 11 are fair and reasonable.

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The approximate aggregate gross floor area of the property development projects of the Chu Family's Controlled Entities to be carried out by the Group located in Beijing, Tianjin, Kunshan and Guangzhou, the proportion of the subject construction projects expected to be completed in each of the three financial years ending 31 December 2026, and the scope and scale of works to be required from the Group based on the estimated completion schedule

We have also reviewed the schedule in respect of the estimated aggregate gross floor areas of property projects of the Chu Family's Controlled Entities in Beijing, Tianjin, Kunshan and Guangzhou, the construction of which are expected to be carried out by the Group for the three financial years ending 31 December 2026. As advised by the Company, the estimated aggregate gross floor areas of property projects of the Chu Family's Controlled Entities in Beijing, Tianjin, Kunshan and Guangzhou are approximately 2,525,222 sq.m., 2,203,897 sq.m. and 1,414,709 sq.m. in 2024, 2025 and 2026, respectively. Based on our discussion with the Company, we noted that the estimated aggregate gross floor areas of property projects of the Chu Family's Controlled Entities are provided by the Chu Family's Controlled Entities based on their construction plans and timeline. Such estimated aggregate gross floor areas of property development projects of the Chu Family's Controlled Entities reflect the Chu Family's Controlled Entities' need for construction services from the Group for the three financial years ending 31 December 2026.

As discussed in section head "7.7.3. Our analysis of the Annual Caps for Transaction 7" for Transaction 7, the property market began showing signs of recovery starting from the second half of 2023. The PRC government has continued to introduce various policies to support the ongoing development of the property market. We concur with the Directors, that it is anticipated that the property development projects will expand in the coming year as a strategic response to evolving market conditions.

The terms and scale of the historical transaction and the historical transaction amounts

We noted that the Annual Caps for Transaction 11 for the three years ending 31 December 2026 have increased significantly compared to the historical transaction amounts for the three years ended 31 December 2023. Upon reviewing past records, we observed that the utilization rate of the previously set caps was not high. Upon inquiring with the Company, it was explained that the lower utilization rates were largely due to the downturn in the property development environment in China and the impacts of COVID-19 pandemic. Despite these past trends, we have inquired the Company regarding such substantial growth in the Annual Caps for Transaction 11, and noted that it is mainly due to the fact that the number and scale of property development projects of the Chu Family's Controlled Entities are

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expected to increase substantially for the three years ending 31 December 2026, leading to the corresponding increase in the Chu Family's Controlled Entities' demand for construction services from the Group. The proposed annual caps for Transaction 11 are expected to decline after the financial year ending 31 December 2024, which is primarily due to the completion status of the property development projects, for example, some of the property development projects are expected to reach completion during the year ending 31 December 2024 and thus no further construction fees are expected to be received from such projects in the two financial years ending 31 December 2026.

From our discussion with the Company, we noted that construction fees are generally payable at phases by the Chu Family's Controlled Entities according to the completion schedule of a particular project, e.g. some of the projects will be completed in 2024 and thus no further amount will be expected to be received in 2025 and 2026. Hence, the differences in the estimated completion schedules and the estimated aggregate gross floor areas to be completed for each financial year have led to the year-on-year decline of the Annual Caps for Transaction 11. In this regard, given that as discussed above, we are of the view that the estimated aggregate gross floor areas of property development projects of the Chu Family's Controlled Entities are fair and reasonable and they reflect the Chu Family's Controlled Entities' need for construction services from the Group for the three financial years ending 31 December 2026, we are of the view that in order to meet the Chu Family's Controlled Entities' demand for such construction works, it is fair and reasonable to set the year-on-year decline of the Annual Caps for Transaction 11.

Meanwhile, given that the Group and the Chu Family's Controlled Entities have already established a business relationship and that the construction services provided by the Group have been satisfactory, the Group views the prospect of continued engagement by the Chu Family's Controlled Entities to provide such services positively. Also, given the good payment records of Chu Family's Controlled Entities with the Group, the provision of more services by the Group under Transaction 11, which is on normal commercial terms or better, would provide an additional and steady source of income to the Group and is in the interests of the Company and the Shareholders as a whole.

In light of the above, we are of the view that the fees receivable under Transaction 11 and the Annual Caps for Transaction 11 are properly estimated, which enables the Group to capture the business opportunities as discussed above and enhance its profitability. We are also of the view that Transaction 11 will be entered into on normal commercial terms and that the terms of Transaction 11 are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

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RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that the entering into of the 2024 Framework Agreement and the 2024–2026 Transactions (including the Annual Caps) are on normal commercial terms or better and in the ordinary and usual course of business of the Group, are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the SGM regarding the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

For identification purposes only. The names of PRC established companies or entities (if any) and PRC laws and regulations (if any) have been included in this letter in both Chinese and English languages. In the event of inconsistency, the Chinese language shall prevail.

* *Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules were as follows:

| Name | Number of Shares held | | | Approximate percentage of the issued Shares |
|------------------|-----------------------|---------------------------|------------|---|
| | Personal interest | Corporate interest | Total | |
| Mr. Au Wai Kin | — | 60,613,740 ⁽¹⁾ | 60,613,740 | 1.60% |
| Ms. Chu Kut Yung | 1,756,920 | 7,052,276 ⁽²⁾ | 8,809,196 | 0.23% |

Notes:

- (1) Mr. Au Wai Kin held 60,613,740 Shares through Yield Plentiful Incorporated, a company wholly-owned and controlled by him.
- (2) Ms. Chu Kut Yung held 7,052,276 Shares through Ju Rong Investment, a company wholly-owned and controlled by her.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company and their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such

provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Save for Ms. Chu who is a director of Ju Rong Investment and Mr. Au Wai Kin who is a director of Yield Plentiful Incorporated, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

(b) Substantial shareholders' interests in securities

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

| Name | Capacity and nature of interest | Number of Shares held | Approximate percentage of the issued Shares |
|--|------------------------------------|-----------------------|---|
| Sounda Properties Limited ⁽¹⁾ | Beneficial owner | 2,038,666,384 | 53.75% |
| Mr. Chu Mang Yee ⁽¹⁾ | Interest of controlled corporation | 2,038,666,384 | 53.75% |
| Farrich Investments Limited ⁽²⁾ | Beneficial owner | 694,416,700 | 18.31% |
| TheBest Investments Limited ⁽²⁾ | Interest of controlled corporation | 694,416,700 | 18.31% |
| Clear Build Investments Limited ⁽²⁾ | Interest of controlled corporation | 694,416,700 | 18.31% |
| Mr. Chu Yat Hong ⁽²⁾ | Interest of controlled corporation | 694,416,700 | 18.31% |

Notes:

- (1) Sounda Properties Limited is wholly-owned by Mr. Chu Mang Yee.
- (2) Farrich Investments Limited is wholly-owned by TheBest Investments Limited. TheBest Investments Limited is a wholly-owned subsidiary of Clear Build Investments Limited, which is in turn wholly-owned by Mr. Chu Yat Hong.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or the chief executives of the Company, there was no other person (other than the Directors or the chief executives of the Company) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

3. ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

No contract or arrangement of significance in relation to the Group's business, in which any of the Directors had a material interest, subsisted as at the Latest Practicable Date.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which had been, since 31 December 2023 being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

| Name | Qualification |
|---------------------------|---|
| Pelican Financial Limited | a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO |

As at the Latest Practicable Date, Pelican Financial did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Pelican Financial did not have any interest, direct or indirect, in any assets which had been, since 31 December 2023 being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Pelican Financial has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear respectively. The letter of Pelican Financial contained herein was issued on 21 May 2024 and was made by Pelican Financial for incorporation in this circular.

6. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed above, none of the Directors or their respective close associates had an interest in a business apart from the Company's business which competed or was likely to compete, either directly or indirectly, with the Group's business.

7. DOCUMENTS ON DISPLAY

A copy of the following document will be available for inspection on the website of the Company (<http://www.irasia.com/listco/hk/hopson>) and the website of the Stock Exchange (<http://www.hkexnews.hk>) during the period of 14 days from the date of this circular:

- (a) the 2024 Framework Agreement.

8. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong is at Unit 4903-10, 49/F., The Center, 99 Queen's Road Central, Central, Hong Kong.
- (b) The Hong Kong branch registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited which is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024 (both days inclusive) during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the SGM, all transfer of Shares accompanied by the relevant share certificates, must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 June 2024.
- (d) The English text of this circular will prevail over the Chinese text in the event of inconsistency.



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Hopson Development Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) (the “**SGM**”) will be held at Unit 4903–10, 49/F., The Center, 99 Queen’s Road Central, Central, Hong Kong on Friday, 14 June 2024 at 11:00 a.m. (or immediately after the annual general meeting of the Company to be held on the same day and at the same place at 10:30 a.m. shall have been concluded or adjourned), for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** the 2024 Framework Agreement, the 2024–2026 Transactions and the Annual Caps as set out in the circular of the Company dated 21 May 2024, a copy of which is tabled at the meeting for identification purpose, be and are hereby approved, confirmed and ratified; and any Director as authorised by the Board be and is hereby authorised to sign, execute, perfect, deliver all such documents and deeds, and to do all such acts, matters and things on behalf of the Company as he/she may in his/her discretion consider necessary or desirable for the purposes of or in connection with the implementation of the 2024 Framework Agreement and the 2024–2026 Transactions.”

By Order of the Board
Hopson Development Holdings Limited
Chu Kut Yung
Chairman

Hong Kong, 21 May 2024

* *for identification purposes only*

Principal Office:

Unit 4903–10, 49/F.

The Center

99 Queen's Road Central

Central

Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and vote in his/her stead. Any such member who is a holder of two or more shares may appoint more than one proxy to attend and vote in his/her stead. A proxy need not be a member of the Company but must be present in person to represent the member.
- (2) For determining the entitlement of Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024 (both dates inclusive) during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the SGM, all transfer of shares accompanied by the relevant share certificates, must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 June 2024.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or other authority, must be deposited at the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the said meeting (i.e. not later than Wednesday, 12 June 2024 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof.
- (4) Shareholders are reminded that completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (5) Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 21 May 2024.
- (6) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the board of directors of the Company comprises eight directors. The executive directors are Ms. Chu Kut Yung (Chairman), Mr. Zhang Fan (Co-president), Mr. Au Wai Kin, Mr. Bao Wenge and Mr. Luo Taibin; and the independent non-executive directors are Mr. Tan Leng Cheng, Aaron, Mr. Ching Yu Lung and Mr. Ip Wai Lun, William.