The following is the full text of a letter of advice from the Joint Independent Financial Advisers setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.

道勤 資本 DILIGENT CAPITAL

PELICAN FINANCIAL 百利勤金融

21 July 2026

To the Independent Board Committee and
the Independent Shareholders of
Riverine China Holdings Limited

Dear Sirs and Madams,

MANDATORY UNCONDITIONAL CASH OFFER BY LEGO SECURITIES LIMITED FOR AND ON BEHALF OF YOMI.SUN HOLDING LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF RIVERINE CHINA HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND ANY PARTY ACTING IN CONCERT WITH IT)

INTRODUCTION

We, Diligent Capital Limited and Pelican Financial Limited, refer to our appointment as the joint independent financial advisers ("**Joint IFAs**" or "**We**") to advise the Independent Board Committee and the Independent Shareholders regarding the Offer, particulars of which are set out in the section headed "Letter from the Board" (the **"Letter"**) contained in the composite document issued by the Company dated 21 July 2026 (the **"Composite Document"**), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

THE OFFER

Reference is made to the Joint Announcement issued by the Company and the Offeror on 15 June 2026 in relation to, among other things, the completion of the transactions contemplated under the Sale and Purchase Agreement 1 and the Sale and Purchase Agreement 2.

On 15 June 2026, the Offeror entered into the Sale and Purchase Agreement 1 with the Selling Shareholder, pursuant to which the Offeror agreed to acquire, and the Selling Shareholder agreed to sell, a total of 222,890,000 Shares, representing approximately 55.03% of the total issued share capital of the Company as at the Latest Practicable Date, at a total consideration of HK$115,572,592 (which is equivalent to approximately HK$0.519 per Share).

On the same date, Lucky Yang (a party acting in concert with the Offeror, but not jointly making the offer) entered into the Sale and Purchase Agreement 2 with the Selling Shareholder, pursuant to which Lucky Yang agreed to acquire, and the Selling Shareholder agreed to sell, a total of 77,280,000 Shares, representing approximately 19.08% of the total issued share capital of the Company as at the Latest Practicable Date, at a total consideration of HK$40,071,111 (which is equivalent to approximately HK$0.519 per Share).

The transactions contemplated under the Sale and Purchase Agreement 1 and the Sale and Purchase Agreement 2 were completed on 15 June 2026.

Prior to the Completion, neither the Offeror, its ultimate beneficial owner, nor any party acting in concert with any of them, including Lucky Yang, held any shares in the Company.

Upon Completion, and as at the Latest Practicable Date, the Offeror and parties acting in concert with it, including Lucky Yang, hold a total of 300,170,000 shares, representing approximately 74.12% of the total issued share capital of the Company as at the Latest Practicable Date. Therefore, the Offeror is required to make the Offer in accordance with Rule 26.1 of the Takeovers Code. Lego Securities, for and on behalf of the Offeror, is making the Offer in compliance with the Takeovers Code at the Offer Price of HK$0.519 per Offer Share in cash.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising of all non-executive Directors who have no direct or indirect interest in the Offer, namely, Mr. Zhang Yongjun, Mr. Cheng Dong, Mr. Weng Guoqiang and Mr. Shu Wa Tung Laurence, has been established to advise and recommend the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

With the approval of the Independent Board Committee and in accordance with Rule 2.1 of the Takeovers Code, we have been appointed as the Joint IFAs to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Both Diligent Capital Limited and Pelican Financial Limited are corporations licensed to conduct Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the Laws of Hong Kong).

As at the Latest Practicable Date, we confirm that there are no relationships or interests existed between Diligent Capital Limited, Pelican Financial Limited, the Company, and/or any other parties that could reasonably be considered a hindrance to the independence of Diligent Capital Limited and Pelican Financial Limited in accordance with Rule 2.6 of the Takeovers Code and Rule 13.84 of the Listing Rules, which prevents us to act independently as the Joint IFAs to the Independent Board Committee and the Independent Shareholders in relation to the Offer.

We are not associated with the Company, its subsidiaries, its associates, or their substantial shareholders and associates. Therefore, we are qualified to provide independent advice and recommendations. In connection with our role as Joint IFAs to the Independent Board Committee and Independent Shareholders, our only compensation will be the standard professional fees for this appointment. We will not receive any additional fees from the Company, its subsidiaries, associates, or their substantial shareholders and associates.

We are unaware of any circumstances that could compromise our independence or any changes that might affect it. Diligent Capital Limited and Pelican Financial Limited have not provided any services to the Company in the past two years. Given this context, we consider ourselves eligible to provide independent advice on the terms of the Offer.

We are not associated with the Offeror, the Company, or any parties acting, or presumed to be acting in concert with any of them. We have had no connections, whether financial or otherwise, with the Offeror and any party acting in concert with it, the Company, or their controlling shareholders. Therefore, we considered that we complied with Rule 2.6 of the Takeovers Code and Rule 13.84 of the Listing Rules, making us eligible to provide independent advice to the Independent Board Committee and the Independent Shareholders regarding the Offer.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders regarding the terms of the Offer, we have reviewed, among other things, the Company's annual reports for the years ended 31 December 2025 ("**2025 Annual Report**") and 31 December 2024 ("**2024 Annual Report**") and other information contained in this Composite Document.

In addition, we have relied on (i) the information, facts, and representations provided, and the opinions and views expressed to us by the Company, the Directors and/or management of the Group; and (ii) the information, facts, and representations provided, and the opinions and views of the Company, the Directors, the management of the Company and/or the Offeror contained or referred to in this Composite Document, including but not limited to the Letter from the Board and the Letter from Lego Securities contained therein, all of which have been assumed to be true, accurate and complete at the time they were made and continue to be so as at the Latest Practicable Date.

The Company will notify Shareholders of any material changes during the Offer Period as soon as possible, in accordance with Rule 9.1 of the Takeovers Code. Independent Shareholders will also receive notifications about any significant changes related to the information provided, along with our opinion, if applicable, throughout the Offer Period. We assume that all statements of belief, opinion, view, and intention made by the Company, the Directors, the management of the Group, and/or the Offeror in the Composite Document, including but not limited to the Letter from the Board and the Letter from Lego Securities, are made reasonably after due and careful inquiry. We expect that the intentions and expectations communicated by the Company, the Directors, the management of the Group, and/or the Offeror will be fulfilled as described.

We consider that we have received and reviewed sufficient information to reach an informed view and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth, accuracy, or completeness of the information and representations provided to us by the Company, the Directors, the management of the Group, and/or the Offeror. The Company has confirmed that no material facts have been omitted or withheld from the information provided to us, from the opinions expressed to us, or from the information or opinions included in or referenced in the Composite Document.

We have not conducted any independent verification of the information provided by the Company, the Directors, the management of the Group, or the Offeror. Additionally, we have not carried out any independent investigation into the business, financial condition, or affairs of the Group, the Offeror, or any of their subsidiaries, controlled entities, jointly controlled entities, or associates.

We consider that we have fulfilled our responsibilities with impartiality and independence from the Company. All the Directors issuing the Composite Document jointly and severally accept full responsibility for the accuracy of information contained in the Composite Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration. Furthermore, there are no relevant facts omitted from the Composite Document that could render any statement misleading.

We have not addressed the tax and regulatory implications for Independent Shareholders related to their acceptance or non-acceptance of the Offer, as these depend on each individual's circumstances. Specifically, Independent Shareholders who reside outside Hong Kong or are subject to overseas taxes, as well as to Hong Kong taxation on securities transactions, should assess their own tax situation in relation to the Offer. If there is any uncertainty, they are advised to consult their professional advisers.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Offer. Except for its inclusion in the Composite Document, this letter may not be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Offer, we have considered the following principal factors and reasons:

1. Background of the Offer

On 15 June 2026, the Offeror entered into the Sale and Purchase Agreement 1 with the Selling Shareholder, pursuant to which the Offeror agreed to acquire, and the Selling Shareholder agreed to sell, a total of 222,890,000 Shares, representing approximately 55.03% of the total issued share capital of the Company as at the Latest Practicable Date, at a total consideration of HK$115,572,592 (which is equivalent to approximately HK$0.519 per Share).

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The transactions contemplated under the Sale and Purchase Agreement 1 and the Sale and Purchase Agreement 2 were completed on 15 June 2026.

2. Information about the Company and the Group

The Company is incorporated in the Cayman Islands as an exempt company with limited liability, and its issued Shares are listed on the Main Board of the Stock Exchange. As an investment holding company, it serves as the holding company of the Group.

2.1 Principal business of the Group

The Group is a comprehensive provider of urban public services in the PRC. It primarily focuses on various services, including (i) property management for high-end non-residential properties and public facilities, such as cultural venues, stadiums, and transportation hubs, including rail stations and airports; (ii) integrated urban sanitation services, which encompass road cleaning and the maintenance of public environmental sanitation facilities across the PRC; (iii) leasing services for commercial buildings; and (iv) catering services.

2.2 Historical financial performance of the Group

Below is a summary of the Group's audited financial performance for the three years ended 31 December 2023 ("**FY2023**"), 2024 ("**FY2024**") and 2025 ("**FY2025**"), as extracted from the 2025 Annual Report and the 2024 Annual Report:

	For the year ended 31 December 2025	**For the year ended 31 December 2024**	**For the year ended 31 December 2023**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Revenue generated from			
— Property management services	745,894	690,707	686,535
— Urban sanitary services	278,123	232,440	226,468
— Catering services	24,233	20,106	6,174
— Sublease services	11,231	10.831	507
— Others	17,863	12,732	—
Total revenue	**1,077,344**	**966,816**	**919,684**
Gross profit	132,343	115,262	74,144
Loss before tax	(18,832)	(44,514)	(103,358)
Loss for the year	(16,167)	(50,147)	(80,950)

FY2025 versus FY2024

As noted above, the Group reported total revenue of approximately RMB1.08 billion for FY2025. This represents an increase of approximately RMB110.5 million (or approximately 11.4%) from approximately RMB966.8 million in FY2024. The growth was widespread across the Group's core business segments, driven by successful contract acquisitions, portfolio expansion, and increased service volumes.

In the property management services segment, the largest segment within the Group (representing approximately 69.2% of the Group's total revenue), revenue reached approximately RMB745.9 million for FY2025, an increase of approximately RMB55.2 million (approximately 8.0%) from approximately RMB690.7 million in FY2024. This improvement was primarily attributed to the ongoing expansion of managed properties and consistent demand for both residential and non-residential services.

Urban sanitary services demonstrated significant growth, with revenue rising to approximately RMB278.1 million in FY2025 from approximately RMB232.4 million in FY2024, representing an increase of approximately RMB45.7 million (or approximately 19.7%). This growth indicates expanded service capabilities and increased utilization.

Furthermore, revenue from subleases on investment properties increased slightly to approximately RMB11.2 million in FY2025, up from approximately RMB10.8 million in FY2024. Revenue from catering services also grew to approximately RMB24.2 million in FY2025 from RMB20.1 million in FY2024, marking an increase of approximately RMB4.1 million (or approximately 20.4%). Additionally, other services experienced expansion, with revenue rising to approximately RMB17.9 million in FY2025 from approximately RMB12.7 million in FY2024, an increase of approximately RMB5.2 million (or approximately 40.9%).

In summary, the Group achieved revenue growth across all segments in 2025, driven by strong performance in urban sanitary services and notable advancements in its core property management business.

Further to the above, in FY2025, the Group recorded a gross profit of approximately RMB132.3 million, representing an increase of approximately 14.7% over FY2024. This resulted in a gross margin of approximately 12.3%, up from approximately 11.9% in FY2024. This indicates improved profitability at the gross profit level and stronger revenue growth.

As disclosed in the 2025 Annual Report, selling and distribution expenses remained relatively stable at approximately RMB36.4 million in FY2025, down from approximately RMB38.4 million in FY2024. Administrative expenses declined by approximately 23.0%, to RMB82.8 million from

RMB107.6 million in FY2024. This reduction is mainly due to a one-time goodwill impairment of approximately RMB13.1 million related to the acquisition of a 51% equity interest in Hong Xin Environmental Group Company Limited, which affected the FY2024 figures.

Furthermore, the loss from fair value adjustments for investment properties increased to approximately RMB41.6 million in FY2025, up from approximately RMB12.4 million in FY2024. This increase reflects a widespread downturn in the local commercial leasing market, prompting necessary valuation adjustments.

As a result, the Group's net loss in FY2025 has narrowed to approximately RMB16.2 million, equivalent to a net loss margin of approximately 1.5%. This is an improvement over a net loss of approximately RMB50.1 million in FY2024, representing a net loss margin of approximately 5.2%. This progress highlights the Group's improved operating performance and a decrease in one-time charges.

FY2024 versus FY2023

For FY2024, the Group demonstrated improved financial performance compared to the financial year ended 31 December 2023 ("**FY2023**"). The Group's total revenue increased to approximately RMB966.8 million, representing an increase of approximately RMB47.1 million, or 5.1%, from approximately RMB919.7 million in FY2023.

Revenue from property management services rose slightly to approximately RMB690.7 million, up approximately RMB4.2 million, or 0.6%, from approximately RMB686.5 million in FY2023. This growth was supported by additional property management agreements within the PRC. Revenue from urban sanitary services increased to approximately RMB232.4 million, up by approximately RMB6.0 million, or 2.6%, from approximately RMB226.5 million in FY2023, reflecting an expansion in service locations. Meanwhile, revenue from subleases of investment properties rebounded to approximately RMB10.8 million, a significant increase of approximately RMB10.3 million from approximately RMB507,000 in FY2023, following the resumption of operations after renovations. Catering services also grew, reaching approximately RMB20.1 million, up significantly from approximately RMB6.7 million in FY2023.

Gross profit improved to approximately RMB115.2 million, up approximately 55.5% from RMB74.1 million, driven by higher revenue and lower service costs. Selling and distribution expenses rose to approximately RMB38.4 million, up 36.7%, primarily due to higher staff costs and increased depreciation related to business expansion and catering development. Administrative expenses remained relatively stable at approximately RMB119.3 million, compared to approximately RMB118.7 million in FY2023. Furthermore, changes in the fair value of investment properties decreased to approximately RMB12.4 million, down from RMB48.3 million.

As a result, mainly due to increased revenue, the Group's net loss narrowed to approximately RMB50.1 million for FY2024, down from RMB81.0 million in FY2023. The net loss margin improved to 5.2%, compared to 8.8% in FY2023.

2.3 Financial position of the Group

Below is a summary of the Group's audited consolidated financial position as at 31 December 2025, 31 December 2024 and 31 December 2023, extracted from the 2025 Annual Report and the 2024 Annual Report:

	As at 31 December 2025 *RMB'000* (Audited)	**As at 31 December 2024** *RMB'000* (Audited)	**As at 31 December 2023** *RMB'000* (Audited)
Non-current assets			
— Property, plant and equipment	52,559	60,962	54,215
— Investment properties	59,000	100,000	148,000
— Rights of use assets	27,096	35,516	15,520
— Goodwill	12,771	12,771	25,901
— Other intangible assets	3,705	5,837	12,311
— Finance lease receivables	11,243	8,175	9,219
— Investments in joint ventures	27,030	27,089	23,438
— Investments in associates	113,085	103,927	95,965
— Equity investments designated at fair value through other comprehensive income	1,006	2,036	1,850
— Deferred tax assets	22,910	19,345	18,864
— Other non-current assets	13,614	9,940	13,786
Total non-current assets	**344,019**	**385,598**	**419,069**

	As at 31 December 2025	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)
Current assets			
— Inventories	2,839	260	100
— Trade receivables	294,265	253,258	235,471
— Finance lease receivables	1,459	815	768
— Prepayments and other receivables	171,352	122,634	109,367
— Financial assets at fair value through profit or loss	500	—	—
— Restricted bank balances	15,632	20,701	20,105
— Cash and cash equivalents	175,909	153,582	139,674
Total current assets	**661,956**	**551,250**	**512,485**
TOTAL ASSETS	**1,005,975**	**909,848**	**931,554**
Current liabilities			
— Trade payables	147,475	132,857	126,912
— Other payables and accruals	194,803	151,078	126,105
— Income tax payables	14,365	16,171	17,943
— Bank and other borrowings	278,358	210,744	186,285
— Lease liabilities	16,048	20,695	25,025
Total current liabilities	**651,049**	**531,542**	**482,270**
Non-current liabilities			
— Bank and other borrowings	31,505	46,636	13,563
— Lease liabilities	122,909	137,502	154,628
— Deferred tax liabilities	—	350	1,250
Total non-current liabilities	**154,414**	**184,488**	**169,441**
TOTAL LIABILITIES	**805,463**	**716,030**	**651,711**
NET ASSETS	**200,512**	**220,818**	**279,843**

As noted above, as at 31 December 2025, the Group's total assets amounted to approximately RMB1,006.0 million, up from approximately RMB909.9 million as at 31 December 2024, representing an increase of approximately 10.6%. The slight decrease in non-current assets to approximately RMB344.0 million (from approximately RMB358.6 million as at 31 December 2024) was offset by a significant increase in current assets to approximately RMB662.0 million as at 31 December 2025, up from approximately RMB551.3 million in the previous year, representing an increase of approximately 20.1%. This increase is primarily attributable to higher trade receivables and prepayments, as well as improved cash balances.

The movements in the Group's working capital were influenced by an increase in trade receivables to approximately RMB294.3 million, representing an increase of approximately 16.2% and resulting in an average turnover of approximately 92.8 days, slightly longer than the 92.3 days observed in 2024. Additionally, prepayments and other receivables increased by approximately 39.8% to approximately RMB171.4 million as at 31 December 2025, largely due to higher deposits related to urban sanitary services. Inventories also rose to approximately RMB2.8 million, while cash and cash equivalents increased to approximately RMB175.9 million, thereby enhancing near-term liquidity.

The Group's total liabilities increased to approximately RMB805.5 million, up from approximately RMB716.0 million in 2024, representing an increase of approximately 12.5%. Current liabilities rose significantly to approximately RMB651.0 million, compared to approximately RMB531.5 million in the prior year, representing an increase of approximately 22.5%. This surge reflects higher bank and other borrowings totaling approximately RMB278.4 million, along with an increase in other payables and accruals, which rose by approximately 28.9% to approximately RMB194.8 million, predominantly due to amounts collected on behalf of property owners. Conversely, non-current liabilities decreased to approximately RMB154.4 million, down from approximately RMB184.5 million in 2024, representing a decrease of approximately 16.3%.

Consequently, the Group's net assets decreased to approximately RMB200.5 million from approximately RMB220.8 million at the end of the previous year, representing a decrease of approximately 9.2%. In summary, while the Group's liquidity position has strengthened with higher cash balances, working capital pressures have emerged due to rising receivables, prepayments, and collections from property owners. Additionally, total liabilities have increased primarily due to short-term borrowings and payables.

Section Summary

The Group incurred consecutive net losses for FY2023, FY2024 and FY2025, though losses narrowed each year, from approximately RMB80.9 million in FY2023 to RMB16.2 million in FY2025. For FY2025, it is important to acknowledge that the global economy remains unstable. According to the IMF World Economic Outlook (April 2025), global growth is projected to be approximately 2.8% in 2025, down from approximately 3.3% in 2024. This indicates a decline in external demand and increased policy uncertainty. On the domestic front, according to the National Bureau of Statistics' 2025 Statistical Communique and the Ministry of Finance's 2025 fiscal revenue budget execution releases, the PRC's gross domestic product increased by approximately 5.0%, reaching approximately RMB 140.19 trillion in 2025. However, in the PRC, fiscal indicators indicate a tightening trend, with nationwide general public budget revenue declining by approximately 1.7% year-on-year. Additionally, central government budget revenue fell by approximately 6.5%, and non-tax revenue decreased by around 11.3%. These macroeconomic factors have adversely affected demand and government spending in crucial areas for the Group, particularly in property management for public facilities and municipal sanitation services. In this context, the Group's capacity to convert revenue growth into sustainable earnings has been significantly hindered, placing substantial pressure on its overall profitability.

Furthermore, the Group's net assets have consistently declined, falling from approximately RMB220.8 million as at 31 December 2024 to approximately RMB200.5 million as at 31 December 2025. This sustained reduction in net assets over the period reflects a weakening balance sheet and a diminishing equity value attributable to Shareholders.

Taking into account (a) the Group's consecutive loss-making position for FY2023, FY2024 and FY2025 against a challenging macroeconomic and industry environment; (b) the ongoing decline in net assets, and (c) the lack of an immediate catalyst for reversing the Group's current earnings trajectory, we consider that while net losses have narrowed year-on-year, from approximately RMB 80.9 million in FY2023 to RMB 16.2 million in FY2025, this improvement has not yet led to sustained profitability or significantly strengthened the Group's balance sheet. Losses remain persistent, net assets continue to decline from FY2023 to FY2025, and both operating cash flow and liquidity are shrinking. Accordingly, the historical financial performance and position of the Group may not support a valuation premium over its net assets.

2.4 *Prospects of the Group*

As disclosed in the 2025 Annual Report, the Group is committed to establishing itself as a leading operator in systematic urban management, with a primary focus on environmental and property management in key regions. Its strategic expansion efforts are directed towards the eastern coast of China and the Yangtze River, employing both horizontal product extensions and vertical integration throughout the industry supply chain. In the near term, expansion of the PRC property market is expected to slow down. Urbanization in the PRC reached approximately 67.9%[1] in 2025. This figure is lower than the urbanization levels of more developed regions (approximately 78.8% in 2025) and high-income countries (about 80.2% in 2025), as reported by the United Nations World Urbanization Prospects 2025[5]. This indicates that China still falls short of the urbanization benchmarks set by developed economies. Key weakened indicators include commercial housing sales (value and floor area sold), property construction investment, land transaction volumes and revenues, new housing starts (GFA commenced) and vacancy/absorption rates for non-residential assets; industry forecasts predict that national non-residential housing sales may decrease by around 10% in 2026, while property construction investment could contract by approximately 15%[2]. Office vacancy rates in major cities were high in 2025, such as Shenzhen at approximately 29% and Shanghai at approximately 23.6%[3] and average office rents have dropped by about 9.9% year-on-year[3], putting downward pressure on non-residential management fees and occupancy-related revenues. Additionally, rising labor costs, which represent the largest operating expense for property managers, are putting pressure on profit margins.

The Group's clients comprise both private-sector customers and public-sector clients. Oversupply of non-residential assets reduces demand for space, increases vacancy and depresses rents, which in turn lowers property management fees, ancillary service revenues and opportunities to secure new private-sector management contracts. Reduced government spending and tighter municipal budgets directly affect public-sector procurement and project pipelines for municipal sanitation and public-facility management, resulting in fewer or smaller contracts, delayed tenders and potentially slower payments. Together, oversupply and fiscal constraint, combined with rising labor costs, reduce demand for the Group's core services, intensify competitive pressure on pricing, and constrain revenue growth and margin recovery.

1 China Economic Data 2025 — Annual Review. Sources National Bureau of Statistics of China. URL: **https://chinadata.live/china-economic-data/2025/**

2 S&P Global (China) Ratings, Clear Blueprint, Tough Battle: Property Developers Confront a Defining Transformation — 2026 Property Industry Outlook (January 2026), forecasting a further decline of approximately 10% in national commercial housing sales and a 15% contraction in property construction investment in 2026. URL: **https://www.spgchinaratings.cn/upload/202060410_Commentary_China%20Property%20Oulook.pdf**

3 Mordor Intelligence, China Commercial Real Estate Market Analysis & Outlook (2026), citing office vacancy rates of approximately 29% in Shenzhen and 23.6% in Shanghai, and office rent erosion of approximately 9.9% in 2025. URL: **https://www.mordorintelligence.com/industry-reports/china-commercial-real-estate-market**

On the fiscal side, the Ministry of Finance's 2025 Budget indicates a reduction in state capital operations spending, with local government expenditures expected to decline by approximately 10%[4]. This reflects constrained municipal fiscal capacity, which may reduce government procurement of urban public services. This is particularly relevant for urban sanitary services, which accounted for approximately 25.8% of the Group's revenue in FY2025.

Overall, these industry trends suggest a more selective approach to expansion, focusing on specific regions and products. There is increased emphasis on margin expansion and cost management, as well as on horizontal service extensions and vertical integration to offset the effects of slower organic market growth.

It is the Group's priority to identify and pursue assets and businesses that exhibit strong synergies with its comprehensive urban public services, including sublease income from investment properties and management of urban public parking facilities.

As one of the non-residential property services provider, the Group is dedicated to enhancing its core competencies in equipment and facilities maintenance. Furthermore, the Group aims to develop innovative engineering solutions that enable integrated online and offline operations and effective resource coordination.

In addition, the Group is developing a proprietary smart-building platform known as the "Dynamic Building Matrix" (DBM). This platform leverages the Internet of Things (IoT), 3D technology, and big data to effectively manage building information and deliver valuable services to owners, users, managers, and regulators. The Group sold DBM solutions to domestic customers in FY2025, contributing a revenue of approximately RMB7 million to the Group in FY2025 (representing approximately 6.7% of the Group's total revenue). At present, the focus is on ensuring the platform's operational stability and reliability; commercialization is in its early stages, and scaling is being approached cautiously given uncertain demand. As a result, technological investment returns are expected to materialise gradually and are unlikely to deliver an immediate turnaround in the Group's earnings.

4 Ministry of Finance of the People's Republic of China, Report on the Execution of the Central and Local Budgets for 2024 and on the Draft Central and Local Budgets for 2025 (2025 Budget Report), projecting a 10% decrease in local government state capital operations expenditure. URL: **https://english.www.gov.cn/atts/stream/files/67d2d57fc6d0c7880990005c**[4] S&P Global (China) Ratings, *Clear Blueprint, Tough Battle: Property Developers Confront a Defining Transformation 2026 Property Industry Outlook* (January 2026), forecasting a further decline of approximately 10% in national commercial housing sales and a 15% contraction in property construction investment in 2026. URL: **https://www.spgchinaratings.cn/upload/202060410_Commentary_China%20Property%20Oulook.pdf**

5 United Nations, World Urbanization Prospects 2025 — Summary of Results: "More developed regions: 78.8% (2025); High-income countries: 80.2% (2025)". PDF: **https://population.un.org/wup/Publications/Files/WUP2022_Summary_of_Results.pdf**

Our view

Taking into account the current industry outlook and the Group's financial position, we find the Group's prospects uncertain in the near- to medium term. While the Group has established clear strategic initiatives, such as targeted geographic expansion along the eastern coast and the Yangtze River, horizontal service extension, vertical integration, pursuit of synergistic assets (like investment-property subleases and urban public parking), and the development of the DBM smart-building platform, these initiatives are still in the early stages of execution and are subject to a challenging market environment.

Factors such as slower urbanization, forecasts of weaker commercial housing sales and construction investment, elevated non-residential vacancy rates, falling office rents, rising labor costs, and constrained municipal fiscal spending are limiting organic GFA growth, compressing margins, and reducing demand for public service outsourcing.

Additionally, the Group's weakened balance sheet, evidenced by a decline in net assets from approximately RMB 220.8 million on 31 December 2024 to approximately RMB 200.5 million on 31 December 2025, and an increased reliance on short-term borrowings, further constrains the Group's financial flexibility and its ability to weather prolonged challenges.

Given the early stage of commercialization for DBM and a cautious scaling approach, returns from technology investments are expected to materialize gradually and are unlikely to serve as an immediate catalyst for earnings. In the absence of significant near-term improvements in market conditions or a rapid strengthening of the Group's financial position, the ability to achieve sustainable earnings growth and restore equity value remains limited. Consequently, the Group's prospects should be viewed as uncertain, with inherent execution and market risks.

3. Information on the Offeror and the Offeror's intention on the Group

3.1 Information on the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability, and it is wholly owned by Youmi Investment Limited.

Youmi Investment Limited is beneficially owned by the Youmi Trust, which was established by Mr. Sun, who serves as both the settlor and the appointor.

The trustee of the Youmi Trust is Cantrust (Far East) Limited, an independent professional trustee that is ultimately controlled by an Independent Third Party. Mr. Sun and his family members are the beneficiaries of the Youmi Trust. Additionally, Mr. Sun is the sole director and the ultimate beneficial owner of the Offeror.

Mr. Sun is the founder of Weimob Inc., a company incorporated in the Cayman Islands with limited liability, and is listed on the Stock Exchange (stock code: 2013). Mr. Sun currently serves as the chairman of the board, executive director, and CEO of Weimob Inc. As at the Latest Practicable Date, there is no business connection or relationship between Weimob Inc. and the Company. The Offer is being made solely in Mr. Sun's personal capacity, and the making of the Offer and the transactions involved do not require any board resolutions, approvals, or authorizations from Weimob Inc.

Mr. Sun has no relevant experience in the Company's current principal business.

Prior to the Completion, neither the Offeror, its ultimate beneficial owner, nor any party acting in concert with any of them, including Lucky Yang, held any shares in the Company.

Upon Completion, and as at the Latest Practicable Date, the Offeror, it ultimate beneficial owners and parties acting in concert with any of them, including Lucky Yang, hold a total of 300,170,000 shares, representing approximately 74.12% of the total issued share capital of the Company as at the Latest Practicable Date. Therefore, the Offeror is required to make the Offer in accordance with Rule 26.1 of the Takeovers Code.

3.2 The Offeror's intention on the Group

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business. As at the Latest Practicable Date, the Offeror has no intention, understanding, negotiation or arrangement to downsize, cease or dispose of any of the existing businesses of the Group. The Offeror does not anticipate implementing any significant changes to the Group's existing operations immediately following the close of the Offer. Additionally, the Offeror will not redeploy or dispose of any of the Group's assets, including fixed assets, other than in the ordinary course of business.

Nevertheless, following the close of the Offer, the Offeror will conduct a comprehensive review of the Group's existing operations, business activities, and financial position. This review aims to develop a long-term business plan and strategies for the Group and to identify potential new business opportunities. Based on the findings of this review, if suitable investment or business opportunities arise, the Offeror may consider appropriate acquisitions or disposals of assets or businesses to enhance the Group's growth. Any such acquisitions or disposals will be carried out in accordance with the Listing Rules.

As at the Latest Practicable Date, the Board comprises four executive Directors, one non-executive Director, and three independent non-executive Directors. The Offeror has no intention of making significant changes to the continued employment of the Group's employees as a result of the Offer, except for a proposed change in Board members. This change will occur no earlier than permitted under the Listing Rules and the Takeovers Code, or at such later time that the Offeror considers to be appropriate.

The Offeror intends to nominate new Director(s) to the Board, effective from a date that complies with the Listing Rules and the Takeovers Code, or a later date that the Offeror considers appropriate. Any changes to the Board members will be made in compliance with the Takeovers Code and/or the Listing Rules, and further announcement(s) will be made as necessary. As at the Latest Practicable Date, the Offeror has not determined the composition of the Board after the Closing Date. It is expected that certain existing Directors will resign from the Board. Any such resignations will only take effect on or after the Closing Date in compliance with the Takeovers Code and the Listing Rules. The Company will publish further announcement(s) in respect of any changes to the composition of the Board in accordance with the Takeovers Code and the Listing Rules as and when appropriate.

Save for the Offeror's intention regarding the Group outlined above, there are no plans to (i) make material changes to the employment of the management and employees of the Group, or (ii) dispose of or redeploy the Group's assets, except as part of its ordinary and usual course of business. As at the Latest Practicable Date, no investment or business opportunity has been identified, nor has the Offeror entered into any agreement, arrangement, understanding, or negotiation in relation to the injection of any assets or business into the Group.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. Mr. Sun, being the sole director of the Offeror, has undertaken to the Stock Exchange, and he will take appropriate steps to ensure that not less than 25% of the Company's issued share capital will continue to be held by the public at all material times to comply with the public float requirements under Rule 14.81(3) of the Listing Rules.

4. Information about Lucky Yang

Lucky Yang is a limited liability company incorporated in the British Virgin Islands and is wholly owned by Mr. Yang as at the Latest Practicable Date.

Immediately before Completion, Mr. Yang held no Shares. Mr. Yang does not have any relationship with the Offeror and/or its ultimate beneficial owner and was an Independent Third Party prior to the entering into of the Sale and Purchase Agreement 2.

5. The Offer

5.1 Principal terms of the Offer

Lego Securities, for and on behalf of the Offeror, is making the Offer at the Offer Price of HK$0.519 per Offer Share in cash.

The Offer Price is equal to (i) the price per Sale Share that the Offeror paid for the 222,890,000 Sale Shares under the Sale and Purchase Agreement 1; and (ii) the price per Sale Share that Lucky Yang paid for the 77,280,000 Sale Shares under the Sale and Purchase Agreement 2.

The Offer will be extended to all Independent Shareholders other than the Offeror and any party acting in concert with it, in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, which includes, but is not limited to, all rights to any dividend or other distribution declared, made, or paid on or after the date the Offer is made, which is the date of despatch of the Composite Document.

The Offer is unconditional in all respects and is not be conditional upon acceptances being received in respect of a minimum number of Offer Shares or any other conditions.

As at the Latest Practicable Date, the Company has 405,000,000 Shares in issue. The Company has no outstanding options, warrants, securities, or derivatives that can be converted into or exchanged for Shares. Additionally, the Company has not entered into any agreement to issue such options, warrants, securities, or derivatives.

The Board confirms that, as at the Latest Practicable Date, (i) the Company has not declared any dividends or other distributions that remain unpaid; and (ii) it does not intend to make, declare, or pay any future dividends or distributions on or before the close of the Offer. If any dividend or other distribution is made or paid in relation to the Offer Shares after the Latest Practicable Date, the Offeror will reduce the Offer Price by an amount equal to the gross amount of such dividend or distribution received or receivable by the Independent Shareholders, in accordance with Note 3 to Rule 26.3 and Note 11 to Rule 23.1 of the Takeovers Code.

More details regarding the Offer, including the expected timetable and the terms and procedures for accepting the Offer, are provided in the Composite Document.

5.2 Comparison of value

The Offer Price of HK$0.519 per Offer Share represents

(i) a discount of approximately 90.02% to the closing price of HK$5.200 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 38.21% to the closing price of HK$0.840 per Share as quoted on the Stock Exchange on 15 May 2026, being the last trading day prior to the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code dated 18 May 2026 (referred to as the "**Rule 3.7 Announcement**");

(iii) a discount of approximately 72.25% to the closing price of HK$1.870 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iv) a discount of approximately 72.88% to the closing price of HK$1.914 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 71.93% to the closing price of HK$1.849 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;

(vi) a discount of approximately 55.57% to the closing price of approximately HK$1.168 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day; and

(vii) a premium of approximately 49.14% over the audited consolidated net asset value of the Company of approximately HK$0.348 per Share as at 31 December 2025, being the date to which the latest audited consolidated annual results of the Group were made up, and 405,000,000 Shares in issue as at the Latest Practicable Date.

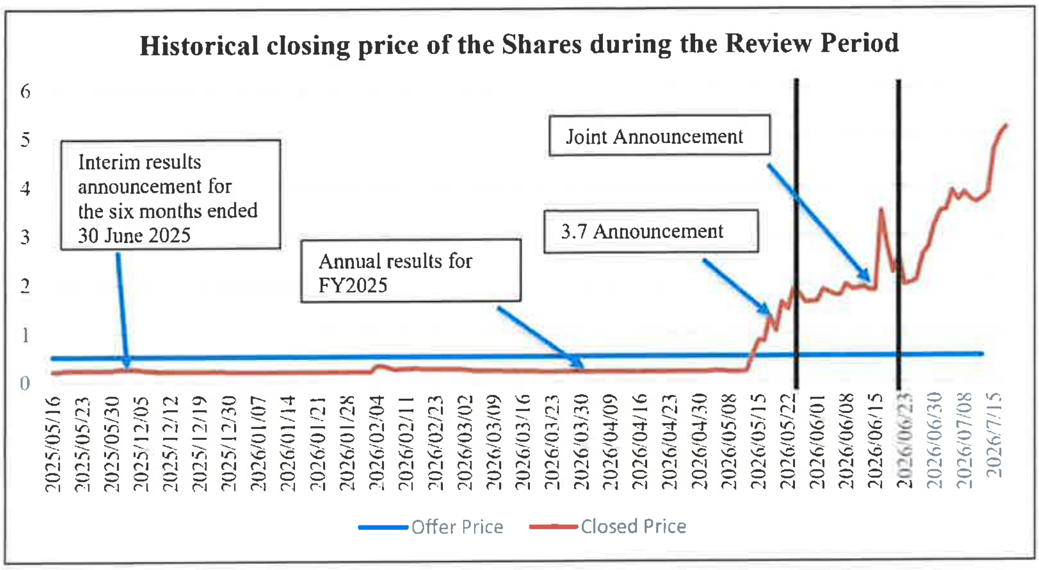
5.3 Evaluation of the Offer Price

To evaluate the fairness and reasonableness of the Offer Price, we examined it in relation to three key factors: (i) the historical performance of the Share prices, (ii) the historical trading liquidity of the Shares, and (iii) comparisons with market comparables.

5.3.1 The historical performance of the Share prices

The chart below illustrates the closing prices of the Shares traded on the Stock Exchange during three specific periods: (i) from 16 May 2025 to 15 May 2026, which is the twelve-month period leading up to the Rule 3.7 Announcement (referred to as the "**Pre-Rule 3.7 Announcement Period**"); (ii) from 18 May 2026 to 12 June 2026, being the Last Trading Day (referred to as the "**Pre-Joint Announcement Period**"), and (iii) starting from 15 June 2026, being the date of the Joint Announcement, up to the Latest Practicable Date (referred to as the "**Post-Joint Announcement Period**", together with the Pre-Rule 3.7 Announcement Period and the Pre-Joint Announcement Period, the "**Review Period**").

We consider that the duration of the Review Period is adequately extended to effectively illustrate the historical trends and fluctuations in the closing prices of the Shares.



(a) The Pre-Rule 3.7 Announcement Period

According to the chart above, during the Pre-Rule 3.7 Announcement Period, the closing Share price ranged from HK$0.20 to HK$0.84, with an average of approximately HK$0.232. The Offer Price of HK$0.519 represents (i) a discount of approximately 38.2% to the highest closing Share price of HK$0.840, (ii) a premium of approximately 159.5% over the lowest closing Share price of HK$0.200, and (iii) a premium of approximately 123.7% over the average closing Share price in that period.

Furthermore, we observed that from 16 May 2025 to 3 February 2026, the closing Share price traded between HK$0.203 and HK$0.270, with an average of approximately HK$0.229. On 4 February 2026, in the absence of any material announcement published by the Company, the closing price rose from HK$0.206 on 3 February 2026 to HK$0.325. Thereafter, the price gradually declined to HK$0.200 on 31 March 2026, the date the Company announced its annual results for FY2025. From 31 March 2026 to 13 May 2026, the closing price remained between HK$0.200 and HK$0.220.

Overall, during the Pre-Rule 3.7 Announcement Period, the closing share price remain relative stable, with only modest fluctuations observed. Except for the last three trading days immediately before and including the Rule 3.7 Announcement, specifically (a) 14 May 2026 (i.e., HK$0.540); (b) 15 May 2026 (i.e., HK$0.840) and 18 May 2026 (i.e., HK$0.840), the closing Share price generally traded within the range of HK$0.200 and HK$0.325, with an average closing Share price of approximately HK$0.230 per Share. Other than the Company's disclosures of (i) interim results announcement for the six months ended 30 June 2025 (published on 29 August 2025); (ii) interim report for the six months ended 30 June 2025 (published on 17 September 2025); (iii) annual results announcement for the year ended 31 December 2025 (published on 31

March 2026); and (iv) annual report for the year ended 31 December 2025 (published on 24 April 2026), we did not identify any material announcements during the Pre-Rule 3.7 Announcement Period that would account for notable changes in the closing Share price.

(b) The Pre-Joint Announcement Period

According to the chart above, during the Pre-Joint Announcement Period, the closing Share price ranged from HK$0.840 to HK$1.980, with an average of approximately HK$1.673. The Offer Price of HK$0.519 represents (i) a discount of approximately 73.8% to the highest closing Share price, (ii) a discount of approximately 38.2% to the lowest closing Share price, and (iii) a discount of approximately 69% to the average closing Share price in that period.

During the Pre-Joint Announcement Period, the closing Share price rose from HK$0.840 on 18 May 2026 to a peak of HK$1.980 on 8 June 2026, before easing slightly to HK$1.870 on 12 June 2026. Other than the release of the Rule 3.7 Announcement, no material announcements were released by the Company during that period. Following enquiries with management of the Company, the Company advised that it was not aware of any specific internal matters that would explain the sharp rise. In light of the timing and the absence of other identifiable drivers, we consider that the pronounced increase was predominantly attributable to the market's reaction to expectations of the potential offer disclosed in the Rule 3.7 Announcement.

(c) The Post-Joint Announcement Period

During the Post-Joint Announcement Period, the closing Share price remained above the Offer Price. The lowest and highest closing prices quoted on the Stock Exchange during this period were HK$1.990 per Share on 23 June 2026 and HK$5.200 per Share on 17 July 2026, respectively. The Offer Price of HK$0.519 per Share therefore represents (i) a discount of approximately 73.9% to the lowest closing price and (ii) a discount of approximately 90.02% to the highest closing price during the Post-Joint Announcement Period.

Section Summary

Taking into account that (a) during the Pre-Rule 3.7 Announcement Period, the closing Share price consistently fell within the range of HK$0.200 and HK$0.325, with an average closing price of approximately HK$0.230, and except for the last three trading days immediately before and including the Rule 3.7 Announcement, the closing Share price for the entire twelve-month period remained below the Offer Price; (b) the significant increase in the closing Share price during the Pre-Joint Announcement Period, which rose from HK$0.840 to a peak of HK$1.980 occurred following the disclosure of the possible offer in the Rule 3.7 Announcement, and the Company was not aware of any identifiable internal factors contributing to this rise; and (c) during the Post-Joint Announcement Period, the closing Share price consistently exceeded the Offer Price, we consider that the elevated closing prices observed in both the Pre-Joint Announcement Period and the Post-Joint Announcement Period were likely a result of market speculation and responses to the Rule 3.7 Announcement and the Joint Announcement. While an increase in the Share price during the Post-Joint Announcement Period might suggest that market participants value the Shares above the Offer Price, we find this conclusion uncertain. The timing and magnitude of this increase closely align with public announcements, indicating it may be driven more by short-term speculation than by a sustained reassessment of intrinsic value. Additionally, the limited trading volume observed in May 2026 (i.e., approximately 0.707% of the total number of issued shares and 2.73% of the publicly held Shares) and in June 2026 (i.e., approximately 1.187% of the total number of issued shares and 4.59% of the publicly held Shares) further supports this view. Such low liquidity means that price movements can be significantly influenced by relatively small trades, which do not provide a reliable basis for price discovery. Thus, these figures may not accurately reflect the fair market value of the Shares in an orderly market. Accordingly, we consider that the Pre-Rule 3.7 Announcement Period provides a more accurate representation of price stability, as prices maintained a relatively consistent range over an extended period, primarily between HK$0.200 and HK$0.325, with an average of approximately HK$0.230, with the Offer Price representing a premium of approximately 125.7% to that average closing price.. This stability provides a reliable baseline less susceptible to short-term fluctuations. Additionally, during this timeframe, the Company made no significant announcements in the Pre-Rule 3.7 Announcement Period that could have led to substantial price movements. As a result, the observed prices are more likely to reflect normal supply-and-demand conditions rather than outside influences. By excluding price spikes driven by announcements, we reduce the risk of upward bias from market speculation, providing a more accurate view of the Shares' trading levels. Therefore, the Offer Price should be assessed against a more representative trading range observed during the Pre-Rule 3.7 Announcement Period, when the Share price generally remained below the Offer Price. Therefore, when compared with prices observed during the Pre-Rule 3.7 Announcement Period, we consider the Offer Price to be fair and reasonable.

5.3.2 The historical trading liquidity of the Shares

The table below outlines the trading volume of the Shares and the percentages of the average daily trading volume compared to the total number of issued Shares and those held by public Shareholders during the Review Period:

	Total trading volume during the month/period	**Number of trading days**	**Average trading volume during the month/period** *(Note 1)*	**Average daily trading volume over total number of issued Shares** *(Note 2)*
	Shares	*Days*	*Shares*	*%*
From 16 May 2025 to 31 May 2025	1,330,000	11	120,909	0.03
June 2025	570,000	21	27,142	0.007
July 2025	508,000	22	23,090	0.006
August 2025	642,000	21	30,571	0.008
September 2025	1,186,000	22	53,909	0.013
October 2025	1,052,000	20	52,600	0.013
November 2025	1,568,000	20	78,400	0.019
December 2025	230,000	21	10,952	0.003
January 2026	256,000	21	12,190	0.003
February 2026	1,244,000	17	73,176	0.018
March 2026	302,000	22	13,727	0.003
April 2026	326,000	19	17,157	0.004
May 2026	54,375,000	19	2,861,842	0.707
June 2026	100,947,481	21	4,807,022	1.187
July 2026 (up to the Latest Practicable Date)	44,108,181	12	3,675,681	0.908

Source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period.

2. Calculated by dividing the average daily trading volumes of the Shares by the total issued Shares at the end of each month or as at the Latest Practicable Date, where applicable.

As illustrated in the table above, the trading of the Shares was generally inactive during the Review Period. Excluding the atypical trading activity in May 2026 following the Rule 3.7 Announcement and in June 2026 following the Joint Announcement, the average daily trading volume for the remaining months ranged from approximately 10,952 Shares to approximately 120,909 Shares, representing approximately 0.003% to 0.03% of the total number of issued Shares and approximately 0.01% to 0.12% of the number of Shares held by the public as at the Latest Practicable Date.

During the period from May 2025 to April 2026, the cumulative trading volume amounted to approximately 9,214,000 Shares over 237 trading days, representing an average daily trading volume of approximately 38,900 Shares, or approximately 0.01% of the total number of issued Shares. Notably, this total trading volume accounted for less than 9% of the number of Shares held by the public as at the Latest Practicable Date. Additionally, in December 2025 and January 2026, the average daily trading volume decreased to approximately 10,952 Shares and 12,190 Shares, respectively, representing approximately 0.003% of the total issued Shares. Throughout the Pre-Rule 3.7 Announcement Period, the average daily trading volume of the Shares remained below 0.2% of the number of Shares held by the public as at the Latest Practicable Date, peaking at approximately 0.12%, indicating consistent low trading activity.

Following the Rule 3.7 Announcement, average daily trading volume increased significantly in May 2026, reaching approximately 2,861,842 Shares, representing approximately 0.707% of the total number of issued Shares and approximately 2.73% of the number of Shares held by the public as at the Latest Practicable Date. In June 2026, average daily volume increased further to approximately 4,807,022 Shares, representing approximately 1.187% of the total number of issued Shares and approximately 4.59% of the number of Shares held by the public as at the Latest Practicable Date. This enhanced liquidity observed during the period mentioned may be attributable to the market reactions to the possible offer disclosed in the Rule 3.7 Announcement and the Offer; however, such elevated trading volumes may not be sustainable throughout the Offer Period or beyond.

Section Summary

Given the historically low liquidity of the Shares, Independent Shareholders, particularly those with sizeable holdings, may find it challenging to dispose of a significant number of Shares on the market in a short timeframe without exerting downward pressure on the Share price. The prevailing market price may not accurately reflect the actual proceeds that could be realised through open market transactions, especially when accounting for transaction costs and the potential price impact of large block sales. In this context, the Offer provides a certain and immediate exit opportunity for Independent Shareholders at a predetermined cash price within a defined timeframe, thereby mitigating uncertainty and market influences associated with open market disposals.

5.3.3 Comparisons with market comparables

To assess the fairness and reasonableness of the Offer Price, we searched the Stock Exchange website to identify comparables meeting all of the following criteria: (i) currently listed on the Stock Exchange; and (ii) principally engaged in property management services comparable to the Group's core businesses (the "**Similar Business**"), deriving more than 50% of total revenue from such Similar Business in the most recent financial year. We have identified an exhaustive list of eleven comparable companies (the "**Comparables**").

For comparison purposes, we considered the price-to-earnings ratio (the "**P/E Ratio**"), the price-to-sales ratio (the "**P/S Ratio**") and the price-to-book ratio (the "**P/B Ratio**"), which are commonly used valuation benchmarks in assessing a company's valuation. As the Company recorded a loss for its latest financial year-end, the P/E Ratio is not available.

	Company Name	Stock code	Principal Activities	Market capitalization as at the Latest Practicable Date *(Note 1)* *HK$' million*	*RMB' million (Note 2)*	Revenue for the latest published financial year *RMB' million*	Net asset value for the latest published financial year *RMB' million*	P/S Ratio *(Note 3)*	P/B Ratio *(Note 4)*
1.	Evergrande Property Services Group Limited	6666	Provision of property management services, community living services, asset management services and community operation services in the PRC	9,513.51	8,308.75	13,678	1,950	0.61	4.26
2.	Shimao Services Holdings Limited	873	Provision of property management services, community value-added services, value-added services to non-property owners, and city services in the PRC	1,073.66	937.69	7,880	7,970	0.12	0.12
3	Greentown Management Holdings Company Limited	9979	Provision of property development management service to project owners	3,400.00	2,969.43	3,120	3,714	0.95	0.80
4.	Color Life Services Group Co., Limited	1778	Provision of property management services and related services in the PRC	245.44	214.36	2,097	4,540	0.10	0.05
5.	CIFI Ever Sunshine Services Group Limited	1995	Provision of property management services, community value-added services, value-added services to non-property owners, and city services in the PRC	3,031.76	2,647.83	6,866	5,622	0.39	0.47

	Company Name	Stock code	Principal Activities	Market capitalization as at the Latest Practicable Date *(Note 1)* *HK$' million*	*RMB' million (Note 2)*	Revenue for the latest published financial year *RMB' million*	Net asset value for the latest published financial year *RMB' million*	P/S Ratio *(Note 3)*	P/B Ratio *(Note 4)*
6.	Country Garden Services Holdings Company Limited	6098	Provision of property management services, community value-added services, value-added services to non-property owners, heat supply services, environmental business and commercial operational services in the PRC	18,442.17	16,106.70	48,354	38,351	0.33	0.42
7.	Jinmao Property Services Co., Limited	816	Provision of property management services, value-added services to non-property owners and community value-added services in the PRC	2,052.51	1,792.58	3,668	1,620	0.49	1.11
8.	New Hope Services Holdings Limited	3658	Provision of property management services, lifestyle services, commercial operational services, and value-added services to non-property owners in the PRC	1,489.85	1,301.18	1,540	1,411	0.84	0.92
9.	Yuexiu Services Group Limited	6626	Provision of non-commercial property management and value-added services and commercial property management and operational services in the PRC	2,463.63	2,151.64	3,902	3,581	0.55	0.60
10.	A-Living Smart City Services Co., Ltd.	3319	Provision of (i) property management services; (ii) property owners value-added services; (iii) city services; and (iv) extended value-added services	2,570.20	2,244.72	12,892	11,168	0.17	0.20
11.	China Overseas Property Holdings Limited	2669	Provision of property management services; value-added services to non-residents and residents; and the trading of car parking spaces	11,723.74	10,239.07	14,960	5,930	0.68	1.73
							Maximum	**0.95**	**4.26**
							Minimum	**0.10**	**0.05**
							Mean	**0.5**	**0.7**
	The Company			**183.58** *(Note 5)*	**160.33**	**1,077**	**201**	**0.15**	**0.8**

Notes:

1. The market capitalization of the Comparable Companies is calculated based on the closing price of the shares and the total issued shares of the Comparables as at the Latest Practicable Date.

2. The market capitalization of the Comparables in RMB is calculated at the exchange rate of 1.145HKD : 1RMB as at the Latest Practicable Date.

3. The P/S Ratio of the Comparables is calculated by dividing the respective market capitalization as of the Latest Practicable Date by their revenue as extracted from the respective latest annual report.

4. The P/B Ratio of the Comparables is calculated by dividing the respective market capitalization as of the Latest Practicable Date by their net asset value as extracted from the respective latest annual report.

5. The market capitalization of the Company implied by the Offer Price is calculated based on (i) the Offer Price of HK$0.519 per Offer Share; and (ii) 405,000,000 Shares in issue as at the Latest Practicable Date.

According to the table above, we observed that (i) the P/S Ratio of the Comparables ranged from 0.10x to 0.95x, with an average of 0.50x; and (ii) the P/B Ratio of the Comparables ranged from 0.05x to 4.26x, with an average of approximately 0.7x. The Offer Price implies a P/S Ratio of 0.15x and a P/B Ratio of 0.80x, both of which fall within the ranges of the Comparables. Although the Offer Price's implied P/S Ratio is below the Comparables' average, the implied P/B Ratio is above it.

The lower P/S implied by the Offer Price is likely driven by market caution over the Company's near-term revenue prospects. In particular, material uncertainties are evident in the Company's recent results: loss from fair value adjustments on investment properties widened from approximately RMB12.4 million in FY2023 to approximately RMB41.6 million in FY2025, signaling a broad downturn in the local commercial leasing market and indicating adverse operating conditions. Such developments can compress revenue multiples by reducing expected top-line growth and increasing perceived risk. Additional contributors to a relatively lower P/S could include differences in revenue mix or margin profile, smaller scale or less diversification relative to peers, and short-term volatility in contract renewal or occupancy rates.

Despite a conservative revenue multiple, the P/B Ratio remains a meaningful indicator for the following reasons: book value captures the Company's underlying net asset base (including investment properties, contractual rights and working capital), which is particularly relevant for property-related and asset-backed service businesses; and given the Company's recent fair-value losses, the market may place greater emphasis on recoverable net assets when pricing the shares. The Offer Price's higher implied P/B Ratio therefore suggests that, relative to peers, investors (or the Offeror) are attributing greater value to the Company's net asset base and to the potential recovery of asset value per share, even where revenue multiples are more conservative.

In light of the above, we consider the Offer Price attractive on a book-value basis and within observable market ranges for sales multiples. Nevertheless, this comparable analysis has limitations (notably the small sample size and differences in business nature, geographic focus, scale, growth prospects, and capital structure between the Group and the Comparables). Accordingly, this analysis should be treated as a reference that provides directional insight into the market valuation of broadly similar businesses and not as a definitive valuation.

RECOMMENDATION

Despite the Offer Price representing (i) a discount of approximately 72.25%, 72.88% and 71.93% when compared to the closing price of the Shares on the Last Trading Day and to the average closing prices for the five and ten consecutive trading days prior to and including the Last Trading Day, respectively; (ii) discounts of approximately 38.2% and 73.8% to the lowest and highest closing Share prices, respectively, during the Pre-Joint Announcement Period; and (iii) discounts of approximately 72.25% and 90.02% to the lowest and highest closing Share prices, respectively, during the Post-Joint Announcement Period, we consider the Offer Price to be fair and reasonable after taking the following factors into account:

(i) the Offer Price represents a premium of approximately 49.14% over the audited consolidated net asset value per Share of approximately HK$0.348 as at 31 December 2025, indicating the Offer Price is fair relative to the Company's underlying assets and provides a meaningful cash exit that market sales may not be able to achieve without the impact of the Offer on the Share price during the Pre-Joint Announcement Period and Post-Joint Announcement Period;

(ii) the Group reported consecutive net losses for FY2023, FY2024 and FY2025, with net assets declining from approximately RMB279.8 million as at 31 December 2023 to approximately RMB200.5 million as at 31 December 2025. Although the net loss narrowed from approximately RMB80.9 million in FY2023 to approximately RMB16.1 million in FY2025, material uncertainties remain, justifying a discounted Offer Price. In particular, loss from fair value adjustments on investment properties increased from approximately RMB12.4 million in FY2023 to a loss of approximately RMB41.6 million in FY2025, signalling a broad downturn in the local commercial leasing market and indicating adverse operating conditions. The Group's gearing ratio rose markedly from approximately 102.8% as at 31 December 2024 to approximately 147.1% as at 31 December 2025, reflecting greater reliance on borrowings and elevated financial risk. Trade receivables and prepayments increased by approximately 16.2% as at 31 December 2024 and 39.8% as at 31 December 2025, respectively, further straining working capital and weakening liquidity. Taken together, recurring fair value losses, higher leverage, and deteriorating working capital metrics create execution and market risks that make the Group's future financial performance uncertain. For these reasons, despite the narrowing of the net loss, the Group's fundamentals do not support a premium valuation, and a discounted Offer Price is appropriate;

(iii) the Group faces a challenging macroeconomic and industry backdrop that further supports a discounted Offer Price. Specifically: (a) reduced municipal government spending has directly impacted the urban sanitary services segment, which accounted for approximately 25.8% of the Group's revenue in FY2025, reducing demand visibility for a material revenue stream; (b) a broad downturn in the local commercial real estate leasing market has produced significant fair-value losses on investment properties and placed downward pressure on sublease income and property management fees; and (c) slowing growth in the property management industry, together with rising labour costs (which represent a substantial portion of operating expenses for property managers), further compresses margins. Collectively, these factors materially reduce earnings visibility and increase execution and market risks, reinforcing that the Group's prospects do not warrant a premium valuation and support a discounted Offer Price;

(iv) except for the three trading days leading up to and including the Rule 3.7 Announcement, the closing Share prices during the Pre-Rule 3.7 Announcement Period consistently remained below the Offer Price. While the post-Joint Announcement price rise might suggest the market values the Shares above the Offer Price, that conclusion is uncertain. The timing and magnitude of the increase closely align with the Rule 3.7 Announcement and the Joint Announcement, indicating it may have been driven by short-term speculation rather than a sustained reassessment of intrinsic value. The very limited trading volume in May and June 2026 further supports this view, as low liquidity allows relatively small trades to move the price and weakens price discovery. Accordingly, these post-announcement prices may not accurately reflect fair market value in an orderly market. We therefore consider that the Pre-Rule 3.7 Announcement Period provides a more accurate representation of price stability, as Share prices maintained a relatively consistent range over an extended period, primarily between HK$0.200 and HK$0.325, with an average of approximately HK$0.230. Additionally, the Company made no significant announcements during that period that could have caused substantial price movements. Since the Company is unaware of any explanation for the recent increase in the closing Share price other than the Rule 3.7 Announcement and the Joint Announcement, and because excluding price spikes caused by announcements reduces the risk of upward bias from short-term market speculation, we consider the temporary price spike following the Rule 3.7 Announcement to be an outlier. Therefore, when compared with prices observed during the Pre-Rule 3.7 Announcement Period, we consider the Offer Price to be fair and reasonable;

(v) given the historical thin liquidity of the Shares during the Review Period, it may be difficult for the Independent Shareholders to dispose a substantial block of Shares in the open market in a short period of time without exerting downward pressure on the Share price. Accordingly, the Offer provides an immediate, certain means to realize their investment in a single transaction at a fixed price;

(vi) serving as a reference to provide insight into market perceptions of broadly similar businesses, our analysis of the Comparables shows that the Offer Price implies a P/S ratio of approximately 0.15x and a P/B ratio of approximately 0.80x, which falls within the Comparables' range and the P/B ratio exceeds their average. This suggests the Offer Price is attractive on a book-value basis while remaining within observable market ranges for sales multiples; and

(vii) because (a) Mr. Sun lacks relevant experience in the Group's core businesses and (b) the Offeror has not set out a clear long-term strategy, the Offeror's intentions and the Group's prospects remain uncertain as at the Latest Practicable Date. Accordingly, although the Offer Price is at a discount to the closing Share price on the Last Trading Day and the Latest Practicable Date, it reasonably reflects and manages the risks arising from those uncertainties.

On balance of the above factors, we consider the Offer Price to be fair and reasonable. Accordingly, we recommend that the Independent Board Committee to advise the Independent Shareholders to accept the Offer. Nonetheless, we would like to remind the Independent Shareholders who would like to realise part or all of their investments in the Shares to closely monitor the market price and liquidity of the Shares during the Offer Period and may, instead of accepting the Offer, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer.

As each Independent Shareholder would have different investment objectives and/or circumstances, we advise the Independent Board Committee to also recommend the Independent Shareholders who may require advice concerning any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Pelican Financial Limited

Mr. Charles Li
Managing Director

Yours faithfully,
For and on behalf of
Diligent Capital Limited

Felix Huen
Director

* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese names prevail.*

\# *Mr. 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.*

^ *Mr. Felix Huen is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Diligent Capital Limited and has over 10 years of experience in the accounting and financial services industry. He has participated in and completed various independent financial advisory transactions in Hong Kong.*