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 to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hollwin Urban Operation Service Group Co., Ltd, 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.

泓盈集团
HOLLWIN

HOLLWIN URBAN OPERATION SERVICE GROUP CO., LTD
泓 盈 城 市 運 營 服 務 集 團 股 份 有 限 公 司

(A joint-stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02529)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY; (2) CHANGE IN USE OF PROCEEDS FROM H SHARES OFFERING; AND (3) NOTICE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Financial adviser to the Company

民銀資本
CMBC CAPITAL HOLDINGS LIMITED

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

華升資本
CHINA SUNRISE CAPITAL

A letter from the Independent Board Committee is set out on pages 38 to 39 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-40 of this circular.

A notice convening the ESM to be held at Conference Room, 304, 3/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC on Tuesday, 30 June 2026 at 9:00 a.m. is set out on pages ESM-1 to ESM-2 of this circular. Whether or not you are able to attend and/or vote at the ESM in person, you are requested to complete the enclosed form of proxy and return it to the Company's H share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the ESM or any adjournment thereof (as the case may be). Completion and return of the enclosed form of proxy will not preclude you from subsequently attending and voting in person at the ESM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

12 June 2026

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DEFINITIONS

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

"2025 Annual Results Announcement"	the annual results announcement of the Company for the year ended 31 December 2025;
"Articles of Association"	the articles of association of the Company, as amended from time to time;
"Acquisition"	the acquisition of the entire equity interest of the Target Company by the Company from the Transferors in accordance with the Share Acquisition Agreement and the transactions contemplated thereunder;
"associate(s)"	has the meaning ascribed to it in the Listing Rules;
"Board"	the board of Directors;
"Business Day(s)"	any day other than the statutory holidays of the PRC, rest days (Saturdays and Sundays, except for those which business is conducted due to holiday adjustment), or any other days off adjusted pursuant to temporary government notices;
"Company"	Hollwin Urban Operation Service Group Co., Ltd (泓盈城市運營服務集團股份有限公司), a joint stock limited company established in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 2529);
"Completion"	completion of the Acquisition under the Share Acquisition Agreement;
"Completion Date"	completion of the Acquisition under the Share Acquisition Agreement;
"Conditions Precedent"	the conditions precedent to Completion as set out under the paragraph headed "Conditions precedent" in this circular;
"connected person(s)"	has the meaning ascribed to it in the Listing Rules;
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules;

"Credit Receivable"	means, in respect of the Target Company, all rights to receive consideration from customers or other third parties arising from its business operations in accordance with applicable laws, including, among others, accounts receivable and contract assets;
"CSUDGCL"	Changsha Urban Development Group Co., Ltd. (長沙城市發展集團有限公司), one of the Controlling Shareholders of the Company, was established in the PRC with limited liability on 20 September 2019 and is wholly owned by Changsha Municipal SASAC as at the Latest Practicable Date;
"Directors"	the directors of the Company;
"ESM"	an extraordinary shareholders' meeting to be convened by the Company for the purpose of considering, and if thought fit, approving the Acquisition by the Independent Shareholders;
"First Performance Guarantee Year"	the first period of twelve (12) consecutive calendar months within the Performance Guarantee Period;
"Group"	the Company and its subsidiaries;
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and listed on the Stock Exchange;
"H Share Shareholder(s)"	holder(s) of H Shares;
"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 Ms. Chan Ka Lai Vanessa, Dr. Dai Xiaofeng and Mr. Tse Chi Wai (all being independent non-executive Directors) to advise the Independent Shareholders, taking into account the recommendations of the Independent Financial Adviser, in relation to the Acquisition;
"Independent Financial Adviser"	China Sunrise Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Acquisition Agreement and the transactions contemplated thereunder;

"Independent Shareholders"	the Shareholders other than those who are required under the Listing Rules to abstain from voting at the ESM on the resolutions approving (i) the proposed Acquisition; and (ii) the Proposed Change in Use of Proceeds (as defined below);
"Independent Third Party(ies)"	a person(s) who or company(ies) together with their respective ultimate beneficial owner(s) which are third parties independent of the Company and its connected persons (as defined under the Listing Rules);
"Independent Valuer"	Hunan Hengji Real Estate Land Asset Appraisal Co., Ltd.* (湖南恒基房地產土地資產評估有限公司), an independent asset appraisal company in the PRC;
"Individual Shareholders"	individual shareholders of the Target Company, namely Mr. Liu Junqing (劉俊清), Mr. Yang Guanzhong (楊貫中), Ms. Yang Hong (楊宏), Ms. Yang Yujuan (楊玉娟) and Mr. Tang Weiping (唐偉平), each being a PRC resident and a Transferor;
"Latest Practicable Date"	12 June 2026, being the latest practicable date prior to the publication of this circular for ascertaining certain information included in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	the latest date on which the Conditions Precedent are satisfied (being 30 June 2026), or such later date as may be agreed in writing between the Company and the Transferors;
"Market-oriented Projects"	means any projects undertaken by the Target Company, excluding Non-market-oriented Projects;
"Non-market-oriented Projects"	means projects undertaken by the Target Company without public bidding procedures or market-oriented competition that are directly commissioned by CSUDGCL or its affiliates (excluding the Target Company), where CSUDGCL or its affiliates acts as the contracting counterparty and the payment obligor;
"percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules;

"Performance Guarantee Period"	the continuous period of 36 calendar months commencing from the first day of the month immediately following the Completion Date, which for assessment purposes, such period shall be divided into three (3) consecutive performance assessment periods, each comprising twelve (12) consecutive calendar months, being the First Performance Guarantee Year, the Second Performance Guarantee Year and the Third Performance Guarantee Year;
"PRC"	the People's Republic of China;
"RMB"	Renminbi, the lawful currency of the PRC;
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council* (國務院國有資產監督管理委員會);
"Second Performance Guarantee Year"	the second period of twelve (12) consecutive calendar months within the Performance Guarantee Period;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share Acquisition Agreement"	the Share Acquisition Agreement dated 17 April 2026 entered into between the Company and the Transferors in relation to the Acquisition;
"Share(s)"	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising Unlisted Share(s) and H Share(s);
"Shareholder(s)"	holder(s) of Share(s) in the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in the Listing Rules;
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules;
"Target Company"	Hunan Liwei Zhongtian Technology Development Co., Ltd.* (湖南力唯中天科技發展有限公司), a company established in the PRC with limited liability;
"Third Performance Guarantee Year"	the third period of twelve (12) consecutive calendar months within the Performance Guarantee Period;

"Transferors"	CSUDGCL and the Individual Shareholders;
"Unlisted Share(s)"	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are currently not listed or traded on any stock exchange;
"Unlisted Share Shareholder(s)"	holder(s) of Unlisted Share(s);
"Valuation Report"	the valuation report of the Target Company prepared by the Independent Valuer using the asset-based approach with 30 June 2025 as the Valuation Reference Date;
"Valuation Reference Date"	30 June 2025, the reference date of valuation of the Target Company in the Valuation Report; and
"%"	per cent.

* *for identification purposes only*

泓盈集团
HOLLWIN

HOLLWIN URBAN OPERATION SERVICE GROUP CO., LTD
泓盈城市運營服務集團股份有限公司

(A joint-stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02529)

Executive Directors:
Mr. Xie Yi *(Chairman)*
Mr. Yang Xin
Mr. Duan Wenming

Non-executive Director:
Mr. Yu Xiao

Independent Non-executive Directors:
Ms. Chan Ka Lai Vanessa
Dr. Dai Xiaofeng
Mr. Tse Chi Wai

Registered Office:
9/F, Building A1
Xiangjiang Times Square
No.179, Pilot Road
Yuelu District, Changsha
Hunan Province
the PRC

Head office in the PRC:
9/F, Building A1
Xiangjiang Times Square
No.179, Pilot Road
Yuelu District, Changsha
Hunan Province
the PRC

Principal Place of Business in Hong Kong:
40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

12 June 2026

To the Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY; (2) CHANGE IN USE OF PROCEEDS FROM H SHARES OFFERING; AND (3) NOTICE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

INTRODUCTION

Reference is made to the (i) announcement of the Company dated 17 April 2026 in relation to the Acquisition; and (ii) announcement of the Company dated 17 April 2026 in relation to the proposed on change in use of proceeds from the global offering (the "**Proposed Change in Use of Proceeds**").

The purpose of this circular is (i) to provide you with further information regarding the details of the Acquisition and the Proposed Change in Use of Proceeds; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) to give the Shareholders the notice of the ESM and other information as required under the Listing Rules.

THE SHARE ACQUISITION AGREEMENT

Date

17 April 2026 (after trading hours)

Parties

(1) the Company (as the Transferee);

(2) the Transferors, being,

(a) CSUDGCL;

(b) Mr. Liu Junqing;

(c) Mr. Yang Guanzhong;

(d) Ms. Yang Hong;

(e) Ms. Yang Yujuan;

(f) Mr. Tang Weiping; and

(Parties (2)(a) to (f), collectively, the "**Transferors**", and each a "**Transferor**")

(3) the Target Company.

Subject matter

Pursuant to the Share Acquisition Agreement, the Transferors have conditionally agreed to sell, and the Company has conditionally agreed to acquire, the entire equity interest of the Target Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

Consideration and payment terms

The total consideration of the Acquisition payable by the Company to the Transferors shall be RMB49,543,500 (the "**Consideration**"), which is determined by the parties at arm's length with reference to the appraised value of the entire equity interest of the Target Company as at the Valuation Reference Date (i.e. 30 June 2025). Please refer to the section headed "Valuation Report of the Target Company" in this circular below for details.

The Consideration will be paid by the Company in cash to the Transferors, which shall be funded by the Group's internal resources, and will be settled by installments in accordance with the payment schedule and conditional upon the satisfaction of the relevant payment conditions set out in the Share Acquisition Agreement as particularised below:

Installment	Payment Milestone*Note 1*	Payment Conditions*Notes 2, 3*	Percentage of Total Consideration Payable*Note 4*
First	On the Completion Date	Not applicable (Payable upon Completion)	70% of the Consideration*Note 5*
Second	Within thirty (30) Business Days following the expiration of the First Performance Guarantee Year and the issuance of the audit report required under the Share Acquisition Agreement	Subject to (i) the Target Company's audited net profit for First Performance Guarantee Year meeting the guaranteed performance target; and (ii) no material breach by the Transferors has occurred	5% of the Consideration
Third	Within thirty (30) Business Days following the expiration of the Second Performance Guarantee Year and the issuance of the audit report required under the Share Acquisition Agreement	Subject to (i) the Target Company's audited net profit for Second Performance Guarantee Year meeting the guaranteed performance target; and (ii) no material breach by the Transferors has occurred	5% of the Consideration

Installment	Payment Milestone[Note 1]	Payment Conditions[Notes 2, 3]	Percentage of Total Consideration Payable[Note 4]
Fourth	Within thirty (30) Business Days following the expiration of the Third Performance Guarantee Year and the issuance of the audit report required under the Share Acquisition Agreement	Subject to (i) the Target Company's audited net profit for Third Performance Guarantee Year meeting the guaranteed performance target; and (ii) no material breach by the Transferors has occurred	5% of the Consideration
Fifth	Refer to the section headed "Credit Receivable Recovery Guarantee" below	Subject to the cumulative Actual Recovery Amount (as defined below) of the Baseline Credit Receivable (as defined below) meeting the recovery target	15% of the Consideration

Note 1: If any scheduled payment date is not a Business Day, such payment shall be made on the next Business Day.

Note 2: Subject to a waiver by the Company in writing, payment for any installment subsequent to the first installment is conditional upon the Target Company having achieved the Undertaken Net Profit (as defined below) or the recovery target for the cumulative Actual Recovery Amount of the Baseline Credit Receivable for the corresponding year of the Performance Guarantee Period, as determined by the annual audit report for such year issued by an audit firm acceptable to the Company.

Note 3: A failure to meet the guaranteed performance target or the recovery target of the Baseline Credit Receivable shall not result in a complete forfeiture of the corresponding installment payment. Instead, in the event of such failure, the Company shall be entitled to adjust (including by way of deduction) the amount of such Installment in accordance with the mechanisms set forth in the sections headed "Performance Compensation Mechanism" and "Credit Receivables Recovery Guarantee Mechanism" below.

Note 4: The Consideration shall be payable by the Company to CSUDGCL and each Individual Shareholders, respectively, in proportion to their respective equity interests held in the Target Company.

Note 5: Among which, the portion of funds involved in the Subsequent Share Purchase Arrangement (as defined below), i.e., the after-tax cash proceeds equivalent to 50% of the total Consideration payable to the Individual Shareholders to be used to purchase certain number of unlisted shares of the Company held by CSUDGCL, shall be transferred in full into an escrow account (the "**Escrow Account**"), which shall be opened in the name of an authorised person among the Individual Shareholders representing the Individual Shareholders at a commercial bank (the "**Escrow Bank**") to be jointly appointed by the Company and the Transferors.

Performance Guarantee

The Transferors, as the performance guarantors, have jointly and severally undertaken to the Company that, during the Performance Guarantee Period, the audited cumulative net profit of the Target Company, adjusted by deducting the portion of gross profit derived from Non-market-oriented Projects that exceeds 51% of the Target Company's total cumulative gross profit (the "**Actual Net Profit**"), shall be no less than RMB24,000,000 (the "**Undertaken Net Profit**").

"Net profit" shall refer to the net profit after tax and excluding any non-recurring profit or loss, as set out in the consolidated financial statements of the Target Company. The amount shall be determined based on an unqualified audit report issued by an accounting firm qualified to engage in securities and futures related business and acceptable to the Company.

The annual breakdown of the Undertaken Net Profit is as follows:

Performance Guarantee Period	**Undertaken Net Profit** *(RMB'000)*
First Performance Guarantee Year	6,550
Second Performance Guarantee Year	8,000
Third Performance Guarantee Year	9,450
Cumulative Total	**24,000**

Performance Compensation Mechanism

Upon the expiry of the entire Performance Guarantee Period, the Company shall appoint an audit firm to conduct a special audit (the "**Special Audit**") on the cumulative Actual Net Profit of the Target Company for the entire Performance Guarantee Period and issue a specific audit report.

If the cumulative Actual Net Profit of the Target Company during the Performance Guarantee Period is less than the cumulative Undertaken Net Profit, the Transferors shall compensate the Company in cash. The compensation amount shall be calculated as follows:

$$\textit{Cash Compensation Amount} = \frac{\textit{(Cumulative Undertaken Net Profit – Cumulative Actual Net Profit)}}{\textit{Cumulative Undertaken Net Profit}} \times \textit{15\% of the Consideration under the Share Acquisition Agreement}$$

The 15% of the Consideration cap on the cash compensation payable under the Performance Compensation Mechanism was arrived at through arm's length negotiations between the Company and the Transferors, having regard to the following:

(i) *Aggregate hold-back proportion.* The parties, through arm's length negotiations, agreed that an aggregate of 30% of the Consideration would be placed at risk under performance- and recovery-linked arrangements (i.e. the Performance Compensation Mechanism and the Credit Receivable Recovery Guarantee Mechanism, taken together).

(ii) *Allocation to the Credit Receivable Recovery Guarantee Mechanism.* Approximately one-half of that aggregate 30% (i.e. approximately 15% of the Consideration) was allocated to the Credit Receivable Recovery Guarantee Mechanism (as defined below), having regard to the level of the Target Company's outstanding payment obligations as at the Baseline Date (as defined below) relative to its available cash resources, and to ensure that the recovered receivables would appropriately cover such payment obligations.

(iii) *Allocation to the Performance Compensation Mechanism.* The remaining balance of the aggregate 30% (i.e. the residual approximately 15% of the Consideration) was correspondingly allocated to the Performance Compensation Mechanism.

The Directors are of the view that the 15% of the Consideration cap on the cash compensation payable under the Performance Compensation Mechanism is fair and reasonable.

The Transferors shall be severally liable for the aforesaid compensation obligation on a pro rata basis in accordance with their respective shareholding percentages in the Target Company as at the date of the Share Acquisition Agreement. In addition, the Individual Shareholders shall be jointly and severally liable to the Company for the portion of the compensation obligation corresponding to their aggregate 49% equity interest in the Target Company.

If, in any year of the Performance Guarantee Period, the Target Company fails to achieve the Undertaken Net Profit for that year, the Company shall have the right, but not the obligation, to suspend payment of all or part of the Consideration corresponding to the Undertaken Net Profit for that year and for any subsequent years of the Performance Guarantee Period (the "**Suspended Consideration**"). In the event the Company exercises such right, the Company shall not be obligated to conduct annual settlements at the end of each year of the Performance Guarantee Period, but shall be entitled to wait until the expiration of the entire Performance Guarantee Period and the completion of the Special Audit.

Thereafter, the Company shall calculate the total cash compensation amount due from the Transferors (the "**Total Compensation Amount**") in accordance with the formula set forth above. The Company shall be entitled to directly offset such Total Compensation Amount against the Suspended Consideration.

If the aggregate amount of the Suspended Consideration exceeds the Total Compensation Amount, the Company shall release and pay the remaining balance of the Suspended Consideration to each Transferor in accordance with the payment terms set forth under the section headed "Consideration and payment terms" above (with each Transferor receiving its respective portion calculated by reference to its shareholding ratio in the Target Company as at the date of the Share Acquisition Agreement).

If the Suspended Consideration is insufficient to cover the Total Compensation Amount, the Transferors shall, within thirty (30) days after receipt of a written notice from the Company, pay the shortfall to the Company in cash. Each Transferor shall be severally (but not jointly) liable for such shortfall pro rata to its respective shareholding percentage in the Target Company as at the date of the Share Acquisition Agreement, save that the five Individual Shareholders shall be jointly and severally liable among themselves to the Company for the portion of such shortfall corresponding to their aggregate

49% equity interest in the Target Company. In addition, the Company shall be entitled to (i) continue to suspend payment of, and set off such outstanding shortfall against, any then-unpaid portion of the net-profit-linked consideration tranches payable to the Transferors (it being noted that, under the Share Acquisition Agreement, the suspension, set-off, payment and assessment arrangements applicable to the net-profit-linked consideration tranches and to the receivable-recovery-linked consideration tranche are mutually independent of each other, such that any shortfall arising under this profit-compensation mechanism may not be set off against the receivable-recovery-linked consideration tranche or against any excess-recovery incentive otherwise payable to the Transferors, and vice versa); and (ii) pursue all other rights and remedies available to it under the Share Acquisition Agreement and applicable laws to recover the unpaid shortfall, including claiming compensation for all direct and indirect losses suffered by the Company and/or the Target Company as a result of the Transferors' breach. Save in cases of fraud or wilful concealment, the aggregate liability of the Transferors (on the one hand) to the Company (on the other hand) arising out of or in connection with the Share Acquisition Agreement, including any liability under this profit-compensation and shortfall recovery mechanism, is capped at an amount equal to the Total Consideration. For the avoidance of doubt, under the Share Acquisition Agreement: (i) the Total Compensation Amount shall in any event be capped at 15% of the Consideration (with the specific calculation as set out in the formula contained in the section headed "Performance Compensation Mechanism" above); and (ii) the five Individual Shareholders shall be jointly and severally liable among themselves to the Company for the portion of the shortfall corresponding to their aggregate 49% equity interest in the Target Company, provided that the amount of such joint and several liability shall likewise be capped at 15% of the Consideration.

The Company will comply with the relevant disclosure requirements (including Rule 14A.63 of the Listing Rules) in the event that the cumulative Actual Net Profit of the Target Company during the Performance Guarantee Period falls short of the cumulative Undertaken Net Profit.

External Market Expansion Undertaking

Pursuant to the Share Acquisition Agreement, the Individual Shareholders have jointly and severally undertaken to the Company that, during the Performance Guarantee Period, the cumulative sales revenue generated from Market-oriented Projects (excluding loss-making projects) achieved by the Target Company (the "**Actual External Expansion Performance**") shall be no less than RMB150,000,000 (the "**Guaranteed External Expansion Performance**"). The Actual External Expansion Performance shall be determined based on the amounts confirmed in the standard unqualified annual audit reports and special audit report issued by an audit firm acceptable to the Company.

Upon the expiration of the Performance Guarantee Period, the audit firm shall conduct a special audit on the Actual External Expansion Performance and issue a report. If the cumulative Actual External Expansion Performance is lower than the cumulative Guaranteed External Expansion Performance, the Individual Shareholders shall compensate the Company in cash in proportion to their respective equity interests in the Target Company held as at the date of the Share Acquisition Agreement. The compensation amount shall be calculated as follows:

$$\textit{Cash Compensation Amount} = \frac{\textit{(Guaranteed External Expansion Performance – Actual External Expansion Performance)}}{\textit{Guaranteed External Expansion Performance}} \times \textit{15\% of the total Consideration payable to the Individual Shareholders}$$

Any compensation amount payable shall be deducted on a priority basis from the Consideration not yet paid to the Individual Shareholders; any shortfall shall be paid by the Individual Shareholders to the Company in cash within 30 days after receiving a written notice from the Company.

Such compensation obligation is without prejudice to any other liabilities the Individual Shareholders may incur for other breaches of the Share Acquisition Agreement.

Credit Receivable Recovery Guarantee Mechanism

In addition to the Performance Guarantee, the Transferors have, pursuant to the Share Acquisition Agreement, undertaken to the Company to guarantee the recovery of the net amount of the Credit Receivable of the Target Company as at 30 June 2025 (the "**Baseline Date**") (including accounts receivable and contract assets), which amounts to RMB124,268,108.16 (the "**Baseline Credit Receivable**").

The parties to the Share Acquisition Agreement agreed that payment of the portion of the Consideration corresponding to the recovery of Credit Receivable as at the Baseline Date (being the fifth payment installment, representing 15% of the total Consideration) (the "**Credit Receivable Recovery Consideration**") shall be subject to the actual amount recovered for the Baseline Credit Receivable (the "**Actual Recovery Amount**").

The Company shall not be obligated to pay any Credit Receivable Recovery Consideration until the cumulative Actual Recovery Amount of the Baseline Credit Receivable reaches the difference between the net value of the Baseline Credit Receivable and 15% of the total Consideration (the "**Payment Threshold Amount**"). When the cumulative Actual Recovery Amount exceeds the Payment Threshold Amount, the Company shall commence payment of the Credit Receivable Recovery Consideration, the amount of which shall be calculated as the difference between the cumulative Actual Recovery Amount and the Payment Threshold Amount, provided that the total aggregate payment shall be capped at 15% of the total Consideration.

Excess Recovery Incentive

In consideration of the Transferors' undertakings to facilitate the collection of receivables, the parties agree that in the event the cumulative Actual Recovery Amount of the Credit Receivable exceeds the Baseline Credit Receivable of RMB124,268,108.16, the Company shall pay to the Transferors an incentive equivalent to 60% of such excess amount attributable to projects that were fully completed as at the Baseline Date (the "**Excess Recovery Incentive**").

Should such excess recovery necessitate payments to relevant suppliers exceeding the accounts payable recorded as at the Baseline Date, the Excess Recovery Incentive shall be calculated in accordance with the following formula:

Excess Recovery Incentive = (Excess Recovery Amount – Increased Accounts Payable) × 60%

The parties to the Share Acquisition Agreement agreed that the aforementioned aggregate amount of the Excess Recovery Incentive payable by the Company shall in no event exceed a maximum amount (the "**Incentive Cap**"), which shall be calculated in accordance with the following formula:

Incentive Cap = (Original Value of Credit Receivable for the 100% Completed Projects – Baseline Credit Receivable) × 60%

The "Original Value of Credit Receivable for the 100% Completed Projects" shall be determined by reference to the credit receivable of list of project agreed in the Share Acquisition Agreement, i.e., RMB125,851,133.55. Any amount calculated in excess of the Incentive Cap in accordance with the formula above shall not be payable by the Company.

Duration of Assessment

The obligations to pay the aforementioned Credit Receivable Recovery Consideration and the Excess Recovery Incentive shall survive the expiry of the Performance Guarantee Period and shall remain in effect until the Baseline Credit Receivable as at the Baseline Date have been fully settled.

Final settlement

Upon the expiry of each financial year, the Company shall appoint an independent audit firm to conduct a special audit to verify and confirm the cumulative Actual Recovery Amount of the Baseline Credit Receivable for the respective financial year. Within sixty (60) Business Days following the issuance of the special audit report concerning the recovery status of the Baseline Credit Receivable, the Company shall calculate and pay the Credit Receivable Recovery Consideration payable for the corresponding period (being the balance of the cumulative payable amount after deducting any amounts paid in previous years) and/or the Excess Recovery Incentive payable for the corresponding period, as applicable.

Conditions Precedent

Unless otherwise agreed in writing by the parties to the Share Acquisition Agreement, Completion shall take place on the Completion Date and shall be conditional upon the following Conditions being satisfied or waived (where applicable) by the Company on or before the Long Stop Date, or such later date as may be agreed in writing by the parties:

(a) the representations and warranties made by the Transferors under the Share Acquisition Agreement remaining true, accurate, and complete in all material respects upon the Completion Date;

(b) the Transferors having performed and complied with all agreements and obligations required to be performed by them under the Share Acquisition Agreement on or before the Completion Date;

(c) all necessary governmental and regulatory approvals, filings, and registrations in connection with the Acquisition having been obtained (if applicable)[*Note*];

(d) the Company having obtained the approval from the Independent Shareholders at the ESM for the Acquisition and the transactions contemplated thereunder as required by the Listing Rules;

(e) the Company having obtained the approval from Shareholders by way of ordinary resolution at the general meeting of the Company regarding the change in use of proceeds for the purpose of funding the Acquisition;

(f) the key technical personnel of the Target Company, as identified in the schedule attached to the Share Acquisition Agreement, having entered into new employment contracts and non-disclosure and non-competition agreements with the Target Company for a term of no less than three years commencing on the Completion Date;

(g) during the six-month period prior to the Completion Date, there having been no material adverse change in the business, assets, financial condition, operations or prospects of the Target Company;

(h) all of the Individual Shareholders shall have duly executed a share transfer agreement (the "**Share Transfer Agreement**") with CSUDGCL in relation to the Subsequent Share Purchase Arrangement (as defined below);

(i) the escrow agreement shall have been duly executed by and among the Transferors and the Escrow Bank, and the Escrow Account to be established pursuant to such agreement shall have been opened and be fully operational; and

(j) the Transferors having delivered all necessary completion documents to the Company.

Note: To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the governmental and regulatory approvals, filings and registrations referred to in paragraph (c) above include, but are not limited to, the internal review and decision-making of CSUDGCL, the registration/change of state-owned property rights, and the change registration with the administration for market regulation.

As at the Latest Practicable Date, save for the Condition set out in paragraph (f) above which has been fulfilled, none of the remaining Conditions has been fulfilled.

If any of the Conditions are not satisfied or waived by the Company on or before the Long Stop Date (or as extended), the Company shall be entitled to terminate the Share Acquisition Agreement by giving written notice to the Transferors, in which case the Share Acquisition Agreement shall cease to have any effect and neither party shall have any further obligations or liabilities thereunder, save for any antecedent breaches of the Share Acquisition Agreement.

The Subsequent Share Purchase Arrangement

Pursuant to the Share Acquisition Agreement, each of the Individual Shareholders has agreed that, following receipt of the first installment of the Consideration, he/she shall apply an amount of after-tax cash equal to fifty percent (50%) of his/her respective pro-rata share of the total Consideration payable to the Individual Shareholders under the Share Acquisition Agreement to purchase certain Unlisted Shares of the Company from CSUDGCL (the "**Sale Shares**"), pursuant to a separate share transfer agreement to be entered into among CSUDGCL (as transferor), the Individual Shareholders (as transferees) and the Company (the "**Share Transfer Agreement**", and the transactions contemplated thereunder, the "**Subsequent Share Purchase Arrangement**").

The execution of the Share Transfer Agreement among CSUDGCL, the Individual Shareholders and the Company is a Condition Precedent to Completion under the Share Acquisition Agreement. In order to safeguard the implementation of the Subsequent Share Purchase Arrangement, the after-tax cash proceeds equivalent to 50% of each Individual Shareholder's pro-rata share of the total Consideration (such 50% forming part of the first installment of 70% of each Individual Shareholder's pro-rata share of the total Consideration payable on the Completion Date, with the remaining 20% to be paid to the Individual Shareholders in the manner as prescribed in the Share Acquisition Agreement) shall be transferred directly into the Escrow Account opened in the name of an authorised representative of the Individual Shareholders at the Escrow Bank, and may only be applied for settling the consideration payable by the Individual Shareholders to CSUDGCL under the Share Transfer Agreement. The principal terms of the Share Transfer Agreement are summarised below.

Principal terms of the Share Transfer Agreement

Parties

(i) CSUDGCL (as transferor);

(ii) each of the Individual Shareholders, namely Mr. Liu Junqing, Mr. Yang Guanzhong, Ms. Yang Hong, Ms. Yang Yujuan and Mr. Tang Weiping (collectively as transferees); and

(iii) the Company (as the issuer of the Sale Shares).

Subject matter

CSUDGCL and the Company have agreed to transfer to the Individual Shareholders, and the Individual Shareholders have agreed to acquire from CSUDGCL, a portion of the Unlisted Shares of the Company held by CSUDGCL (the "**Sale Shares**"). The exact number of the Sale Shares shall be finalised in the Share Transfer Agreement upon its execution.

Pricing basis and transfer price

The unit transfer price for the Sale Shares was determined with reference to (i) the valuation basis and commercial consideration arrangements agreed under the Share Acquisition Agreement; and (ii) the average closing price of the H Shares on the Stock Exchange for the 30 trading days immediately preceding the date of the Share Acquisition Agreement (i.e. the 30 trading days from 3 March 2026 to 16 April 2026 (both dates inclusive), being HK$3.0487 per Share), translated into RMB at the prevailing RMB/HK$ exchange rate.

Source of funds and payment mechanism

The Individual Shareholders have confirmed that the funds applied for the payment of the total transfer price shall be sourced solely from after-tax cash equivalent to 50% of each Individual Shareholder's pro-rata share of the total Consideration payable under the Share Acquisition Agreement.

CSUDGCL, the Individual Shareholders and the Company have agreed that the total transfer price shall be paid through an independent escrow account arrangement, in accordance with the following mechanism: the Company shall, pursuant to the Share Acquisition Agreement, transfer the relevant portion of the cash Consideration payable to the Individual Shareholders into the Escrow Account opened in the name of an authorised representative of the Individual Shareholders, and within three (3) Business Days thereafter, the special-purpose share-purchase funds in an amount equal to the total transfer price shall be remitted from the Escrow Account directly to the designated bank account of CSUDGCL.

Transition period arrangements

"Transition Period" means the period from the effective date of the Share Transfer Agreement to the Transfer Completion Date (as defined below). During the Transition Period, all shareholder rights attaching to the Sale Shares (including, without limitation, voting rights, rights to propose resolutions and other non-pecuniary rights) shall be exercised by CSUDGCL, and all economic benefits arising from the Sale Shares (including dividends, bonuses and the capitalisation of reserves into share capital) shall accrue to CSUDGCL.

Conditions to completion of the Share Transfer Agreement

Completion of the transfer of the Sale Shares shall be conditional upon the satisfaction of all of the following conditions: (i) the Share Transfer Agreement having become legally effective; and (ii) the Individual Shareholders having received the first installment of the cash Consideration under the Share Acquisition Agreement, and the special-purpose share-purchase funds having been deposited into the Escrow Account in accordance with the terms set out above.

Upon satisfaction of the above conditions, the parties shall jointly procure the submission of all legal documents required to effect the registration of the transfer of the Sale Shares to the securities registration and clearing institution of the Company on or before 30 September 2026 (or such later date as the Company (as acquirer) and CSUDGCL (as transferor) may otherwise agree in writing) (the "**STA Long Stop Date**"). The transfer of the Sale Shares shall be regarded as having completed on the later of (i) the date on which the Sale Shares are registered in the names of the Individual Shareholders in the register of members of the Company; and (ii) the date on which the registration of the transfer is completed at the securities registration and clearing institution (the "**Transfer Completion Date**").

Lock-up arrangements

Each of the Individual Shareholder has jointly and severally undertaken that the Sale Shares acquired by him/her under the Share Transfer Agreement shall be subject to a lock-up restriction for a period of 36 months commencing from the completion date of the equity transfer in respect of the Target Company under the Share Acquisition Agreement (the "**Lock-up Period**"). During the Lock-up Period:

(i) no Individual Shareholder may, in any manner, transfer, pledge or entrust to any other person (other than CSUDGCL) the management of, his/her Sale Shares, nor create any form of encumbrance over such Sale Shares, save for the pledge in favour of CSUDGCL described in the paragraph headed "Security pledge over the Sale Shares" below; and

(ii) the Individual Shareholders shall be entitled to receive dividends, bonuses and other proprietary income attributable to the Sale Shares, and the Company shall pay the same to the Individual Shareholders in accordance with the dividend and bonus distribution policy announced by the Company from time to time as applicable to its circulating shareholders.

Conversion to H Shares and repurchase mechanism after the Lock-up Period

Upon expiry of the Lock-up Period, if any Individual Shareholder makes a request to dispose of the Sale Shares, CSUDGCL and the Company shall assist the Individual Shareholders in processing the procedures for the conversion of the Sale Shares (being Unlisted Shares) into H Shares which can be circulated on the Main Board of the Stock Exchange ("**Full Circulation Conversion**").

If the cumulative net profit of the Target Company during the three-year Performance Guarantee Period under the Share Acquisition Agreement falls below RMB24,000,000, the application for Full Circulation Conversion in respect of the Sale Shares held by each Individual Shareholder under the Share Transfer Agreement shall be deferred. Once the cumulative net profit reaches RMB24,000,000, the procedures for the application for Full Circulation Conversion may then be processed.

In the event that the Sale Shares cannot be successfully converted into H Shares for circulation on the Main Board of the Stock Exchange, CSUDGCL shall repurchase the Sale Shares from the Individual Shareholders at an aggregate consideration calculated by reference to the original unit transfer price under the Share Transfer Agreement multiplied by the number of Sale Shares to be repurchased; prior to such repurchase, the Individual Shareholders shall continue to be entitled to the proprietary rights and interests attaching to the Sale Shares during the Lock-up Period (please refer to item (ii) under the paragraph headed "Lock-up arrangements" above).

Security pledge over the Sale Shares

In order to ensure the strict performance by the Individual Shareholders of their obligations under the Share Transfer Agreement, the parties have agreed that, within 15 Business Days following the effective date of the Share Transfer Agreement, the Individual Shareholders shall pledge all of the Sale Shares acquired by them under the Share Transfer Agreement to CSUDGCL, as security for the performance of such obligations. The parties shall enter into a separate share pledge agreement and shall jointly procure the registration of the pledge with the securities registration and clearing institution. The pledge shall be released upon expiry of the Lock-up Period, provided that no event of default by any Individual Shareholder has occurred during the Lock-up Period.

Effect of the Subsequent Share Purchase Arrangement on the shareholding structure of the Company

Pursuant to the Share Transfer Agreement, (i) the funds to be applied by each Individual Shareholder are limited to 50% of the after-tax cash consideration to which he/she is entitled under the Share Acquisition Agreement; and (ii) the number of Sale Shares is derived by dividing that amount by the unit transfer price (referenced to the 30-trading-day average closing price of the H Shares of HK$3.0487, translated into RMB at the prevailing RMB/HK$ exchange rate). Accordingly, the exact number of Sale Shares cannot be definitively ascertained as at the Latest Practicable Date because (a) the tax payable by each Individual Shareholder is not yet fixed; and (b) the applicable RMB/HK$ exchange rate will only be determined at the relevant time.

For illustrative purposes only, the most conservative basis has been adopted, assuming that no tax is payable (so that the full 50% of the consideration is applied to acquire Sale Shares) and applying an illustrative exchange rate of HK$1 = RMB0.88050, on which basis the unit transfer price is RMB2.6844 (rounded up to RMB2.69 per Sale Share). The figures below are also based on the 160,000,000 Shares in issue (comprising 120,000,000 Unlisted Shares and 40,000,000 H Shares) as at the Latest Practicable Date.

(a) Funds applied and Sale Shares acquired (illustrative)

Individual Shareholder	**Stake in Target Company**	**Consideration** *(RMB)*	**50% applied** *(RMB)*	**Sale Shares** *(illustrative)*
Mr. Liu Junqing	12.8%	6,341,568	3,170,784	1,178,730
Mr. Yang Guanzhong	12.4%	6,143,394	3,071,697	1,141,894
Ms. Yang Hong	12.4%	6,143,394	3,071,697	1,141,894
Ms. Yang Yujuan	8.2%	4,062,567	2,031,284	755,124
Mr. Tang Weiping	3.2%	1,585,392	792,696	294,682
Total	**49%**	**24,276,315**	**12,138,158**	**4,512,324**

(b) Shareholding position before and after the transfer (illustrative)

Shareholder	**As at the Latest Practicable Date** *(Shares)*	**Approx. % of total issued Shares**	**After the transfer** *(Shares)*	**Approx. % of total issued Shares**
CSUDGCL (Beneficial owner and interest held by a controlled corporation)	120,000,000 (Unlisted Shares)	75.00	115,487,676 (Unlisted Shares)	72.18
Individual Shareholders (Aggregate)	–	–	4,512,324 (Unlisted Shares)	2.82
Other H Shareholders	40,000,000 (H Shares)	25.00	40,000,000 (H Shares)	25.00
Total	**160,000,000**	**100.00**	**160,000,000**	**100.00**

The figures above are illustrative only and are subject to rounding, as well as to the assumptions set out above regarding the after-tax basis and the applicable RMB/HK$ exchange rate. The exact number of Sale Shares to be acquired by each Individual Shareholder, and the resulting shareholding structure of the Company, will be determined upon execution of the Share Transfer Agreement and will be disclosed by the Company by way of supplementary information in the completion announcement of the Acquisition.

Relationship with the Share Acquisition Agreement

The Share Transfer Agreement is a stand-alone legal document independent of the Share Acquisition Agreement. The formation, effectiveness, performance, interpretation and consequences of breach of the Share Transfer Agreement shall be determined independently of the Share Acquisition Agreement. As a matter of commercial sequencing, however, the performance of the Share Transfer Agreement is contingent upon the payment of certain Consideration tranches under the Share Acquisition Agreement. The Share Transfer Agreement shall become legally effective upon due execution by all parties and shall take effect concurrently with the Share Acquisition Agreement.

The Subsequent Share Purchase Arrangement has been structured to align the economic interests of, and provide a continuing performance incentive to, the Individual Shareholders (being the original shareholders and core management members of the Target Company) throughout the Performance Guarantee Period.

As described in the section headed "*Performance Compensation Mechanism*" above, the Transferors are required to compensate the Company in cash if the cumulative Actual Net Profit of the Target Company falls short of the cumulative Undertaken Net Profit during the Performance Guarantee Period. By giving the Individual Shareholders, who are best placed to drive the operational performance of the Target Company, a continuing stake in the future performance of the Target Company, the Subsequent Share Purchase Arrangement incentivizes them to procure that the Target Company meets, and where possible exceeds, the Undertaken Net Profit, to the benefit of the Group.

Accordingly, the Directors are of the view that the Subsequent Share Purchase Arrangement is on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

As a result of such Subsequent Share Purchase Arrangement, and for the reasons set out in the section headed "Listing Rules Implications – Connected transaction" in this letter from the Board below, the Individual Shareholders are accordingly regarded as deemed connected persons of the Company pursuant to Rule 14A.20 of the Listing Rules.

Completion

Subject to the satisfaction or waiver (where applicable) of all Conditions, the Company shall, within 30 Business Days, deliver a written notice to the Transferors (the "**Completion Notice**").

On the Completion Date, the parties shall perform the closing obligations which include, among others: (i) the delivery by the Transferors and the Company to each other of all necessary and duly executed original documents as required by applicable laws and regulations for the purpose of the Acquisition; (ii) the submission of all necessary application documents to the competent market supervision authority to register the transfer of the entire equity interest in the Target Company to the Company; (iii) procuring the Target Company to amend and file its articles of association and (iv) the issuance of a capital contribution certificate to the Company and the registration of the Company and its acquired capital contribution in the register of shareholders of the Target Company.

Upon the satisfaction and/or waiver (where applicable) by the Company of all Conditions Precedent, Completion shall take place on a date within 15 Business Days following the issuance of the Completion Notice, or on such other date as the parties may mutually agree in writing. The date on which the Completion occurs shall be the completion date (the "**Completion Date**").

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in three main segments comprising property management services, urban services and commercial operation services. The Board believes that the Acquisition represents a strategic opportunity to enhance the Company's capabilities in the "Smart City" and digital transformation sectors. The Target Company is principally engaged in intelligent systems engineering, design, construction, and operation, which is highly synergistic with the Group's strategic goal of becoming a regionally leading and nationally first-tier integrated urban service provider. The Acquisition will improve the Group's urban service industrial chain, enhance its intelligent service capabilities, and accelerate its strategic transformation and upgrade.

The Board believes the Acquisition is in the interests of the Company and the Shareholders as a whole for the following principal reasons:

(i) Strategic Realignment and Strengthening of the Listed Platform

The Acquisition represents a strategic optimisation of resource allocation within the state-owned assets framework. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company. This full integration removes previous structural limitations, better positioning the Company to secure and execute larger-scale, higher-value projects. This strategic consolidation directly enhances the Company's financial scale and operational capacity, bolstering its market leadership and competitive advantage, driving sustainable growth and increasing long-term shareholder value.

(ii) Enhancement of Technological Capabilities and Regional Consolidation

Amid the property management industry's transformation towards technology-driven and qualification-based services, technological capability has become a core indicator of long-term competitiveness. The Acquisition is an important step in advancing the Company's strategy of "driving intelligent transformation through technology" to enhance operational efficiency and service delivery. The Target Company has an established solutions portfolio in the smart city domain. It provides services such as information integration, smart city application development and operations, with its integrated solutions covering key urban sectors including smart transportation, smart industrial parks, and smart education and a proven track record in software platforms and intelligent systems. This will complement the Company's existing expertise and address its needs in certain technological areas and qualifications, strengthening its position as a regionally leading and nationally first-tier integrated urban service provider, solidifying its regional leadership status, and allowing it to better leverage its advantages as a local state-owned enterprise.

(iii) Driving Valuation and Long-Term Growth

As the Company seeks to expand its business boundaries, this strategic acquisition is expected to improve the Company's profitability profile and diversify its revenue streams. The integration of the Target Company's business is expected to strengthen the capital market's recognition of the Company's positioning as a "full-chain urban service provider" and attract investor interest in its long-term growth prospects. The Board believes this may lead to a positive re-evaluation of the Company's profitability and growth potential.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) consider that the terms of the Acquisition and the entering into of the Share Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Yu Xiao, a non-executive Director of the Company, who also hold management positions at CSUDGCL and its associates (other than the Group), has abstained from voting on the Board resolutions approving the Share Acquisition Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Share Acquisition Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the Board resolutions approving the Share Acquisition Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

The Company, a joint stock company established in the PRC with limited liability, is principally engaged in property management services, urban services and commercial operation services. The Company is held as to 75.0% directly and indirectly by CSUDGCL. CSUDGCL, together with Changsha Urban Construction Investment and Development Group Co., Ltd. (長沙市城市建設投資開發集團有限公司), and Yuelushan Tourism Culture Development Co., Ltd. (岳麓山旅遊文化開發有限公司), constitute a group of Controlling Shareholders of the Company.

CSUDGCL, a company established in the PRC with limited liability, is principally engaged in urban development, construction, operation and investment, and property development and investment. CSUDGCL is a state-owned enterprise ultimately controlled by Changsha Municipal SASAC.

Each of the Individual Shareholders is a PRC resident. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Individual Shareholders is an Independent Third Party.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. It is principally engaged in the business of software and information technology services, including (i) intelligent systems engineering design, construction, operation and maintenance; (ii) smart city construction and operation; and (iii) intelligent system integration and software research and development. The Target Company primarily focuses on (i) smart city construction and operation; (ii) urban and road lighting engineering; (iii) mechanical and electrical engineering; (iv) intelligent system integration, operation, and management; (v) software system research, development, and operation; and (vi) industry academia-research innovation projects.

As at the Latest Practicable Date, the Target Company is owned as to 51% by CSUDGCL, which is ultimately controlled by Changsha Municipal SASAC. The remaining 49% of the equity interest is held in aggregate by five individual shareholders, namely Mr. Liu Junqing (劉俊清) (12.8%), Mr. Yang Guanzhong (楊貫中) (12.4%), Ms. Yang Hong (楊宏) (12.4%), Ms. Yang Yujuan (楊玉娟) (8.2%) and Mr. Tang Weiping (唐偉平) (3.2%).

FINANCIAL INFORMATION OF THE TARGET COMPANY

According to the financial statements of the Target Company for the respective financial years ended 31 December 2024 and 2025 provided by the Target Company, the revenue, profit/(loss) before tax and profit/(loss) after tax of the Target Company for the aforesaid years are set out below:

	For the year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
	(audited)	(unaudited)
Revenue	77,897	80,176
Profit/(loss) before tax	143	1,143
Profit/(loss) after tax	(436)	593

The unaudited net asset value of the Target Company as at 31 December 2025 amounted to approximately RMB55.3 million and the audited net asset value of the Target Company as at 30 June 2025 amounted to approximately RMB49.1 million. According to the Valuation Report, the entire equity of the Target Company was appraised at RMB49,543,500 as at the Valuation Reference Date using the asset-based approach.

CSUDGCL acquired 51% of the Target Company in 2017 at the original acquisition cost of approximately RMB21.9 million.

VALUATION REPORT OF THE TARGET COMPANY

The Company has engaged the Independent Valuer to conduct a valuation of the entire equity interest of the Target Company as at the Valuation Reference Date. The Independent Valuer has issued the Valuation Report on 12 March 2026.

According to the Valuation Report, the appraised market value of the entire equity interest of the Target Company as at the Valuation Reference Date was RMB49,543,500.

A summary of the valuation is set out below:

Valuation approach and methodology

In arriving at the appraised value of the Target Company, the Independent Valuer considered the three generally accepted valuation approaches: the market approach, the income approach, and the asset-based approach.

The Independent Valuer considered that the asset-based approach was appropriate for this valuation on the basis that: (i) the entire equity interest of the Target Company is to be valued on the premise of continued use, with profitability commensurate with its replacement cost; (ii) the Target Company has sound accounting and management systems in place, such that the quantity of its assets can be reliably determined from its financial and construction data and verified through on-site investigation; (iii) the industry in which the Target Company operates is sufficiently mature for the replacement cost of the relevant assets to be readily obtained; (iv) the newness rate of the Target Company's assets can be reasonably estimated by reference to their economic useful life and actual, functional and economic depreciation; and (v) the Target Company's assets and liabilities can be individually identified, allowing appropriate valuation methods to be selected at the asset and liability level.

The Independent Valuer considered that the income approach was likewise appropriate for this valuation on the basis that: (i) the Target Company has been in operation since its establishment in December 2004, with clear property rights and adequate cash flow generated from its operations; (ii) the Target Company's operating revenue, costs and other economic benefits are measurable in monetary terms, such that its future returns can be reasonably forecasted; (iii) the valuation information provided to and collected by the Independent Valuer meets the adequacy requirements of the income approach; and (iv) the principal risks faced by the Target Company (including industry, operational, financial and policy risks) can be qualitatively assessed or reasonably quantified, providing a basis for the estimation of the discount rate.

The market approach was not adopted for this valuation. This was primarily because there were few listed companies or transaction cases in the public market that were sufficiently comparable to the Target Company in terms of business scope, scale, and operating model, making it difficult to find appropriate comparables and ensure a reliable valuation outcome.

The Independent Valuer conducted valuations using both the income approach and the asset-based approach. After a comprehensive analysis, the Independent Valuer adopted the result from the asset-based approach as the final valuation conclusion. The key reason for this selection is that the income approach relies on forecasting future financial performance; however, the Target Company's future profitability is subject to uncertainties, including the need for substantial working capital for projects, the stability of its business sources (which are mainly derived from government entities and may be subject to policy changes), and the stability of its core technical team. Given these uncertainties, the Independent Valuer concluded that the asset-based approach, which reflects the current fair value of the Target Company's individual assets and liabilities, provides a more prudent and accurate representation of the Target Company's value at the Valuation Reference Date.

The asset-based approach determines the value of a business by assessing the fair value of its individual assets and liabilities. The value of the entire equity interest is calculated by subtracting the appraised value of total liabilities from the appraised value of total assets.

Summary of valuation results under the asset-based approach

As at the Valuation Reference Date, the audited net asset value of the Target Company was approximately RMB49.1 million. The appraised value of its net assets under the asset-based approach is approximately RMB49.5 million, representing an appreciation of approximately RMB0.5 million, or 1.0%, over the book value.

A summary of the valuation results is as follows:

Item	**Book Value**	**Appraised Value**	**Appreciation/ (Depreciation)**	**Appreciation/ (Depreciation) Rate**
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(A)	(B)	(C=B-A)	(D=C/A×100)
Current assets	129,523.3	129,523.3	–	–
Non-current assets	39,056.8	39,548.5	491.7	1.26
Of which:				
– Fixed assets	21,614.0	22,105.7	491.7	2.27
– Intangible assets	14,346.4	14,346.4	–	–
– Deferred income tax assets	3,096.4	3,096.4	–	–
Total assets	168,580.1	169,071.8	491.7	0.29
Current liabilities	115,480.1	115,480.1	–	–
Non-current liabilities	4,048.2	4,048.2	–	–
Total liabilities	119,528.3	119,528.3	–	–
Net assets (shareholders' equity)	49,051.8	49,543.5	491.7	1.00

Note: Any discrepancies in totals are due to rounding.

The appreciation in the net asset value of the Target Company was mainly attributable to the increase in the appraised value of its fixed assets. The reason for the difference between the appraised value and the carrying amount is as follows: the Target Company's fixed assets increased by approximately RMB0.5 million (or approximately 2.3%). This is mainly attributable to the valuation of the Target Company's building properties. While these are carried at cost less accumulated depreciation for accounting purposes, the valuation was conducted using the income approach, which estimates the value based on the property's potential to generate future rental income, resulting in a higher appraised value.

Key assumptions of the valuation

The following key assumptions were adopted in the preparation of the Valuation Report:

1. It is assumed that the Target Company will continue to operate as a going concern in the foreseeable future, in line with its current business model and operational scale.

2. It is assumed that there will be no material changes to the relevant national and local laws, regulations, policies, or macroeconomic conditions in the PRC where the Target Company operates.

3. It is assumed that there will be no material changes in the relevant interest rates, exchange rates, tax bases and tax rates, and policy-related charges in relation to the Target Company.

4. It is assumed that the Target Company's management team will remain stable and responsible, and that there will be no material changes to its current management structure, business scope, or operating methods.

5. It is assumed that the Target Company will continue to qualify as a "High and New Technology Enterprise" in the future and will continue to be entitled to the preferential enterprise income tax rate of 15%.

6. It is assumed that all information provided by the Company and the Target Company, including financial, operational, and legal title information, is true, accurate, and complete.

7. It is assumed that the Target Company will not be affected by any unforeseen or force majeure events that could have a material adverse impact on its business operations and value.

The Directors have reviewed and considered the Valuation Report, including the methodology adopted, the basis, and the key assumptions used in arriving at the valuation. The Directors are of the view that the valuation is fair and reasonable.

The Board wishes to emphasise that:

(1) the income approach valuation was prepared by the Independent Valuer solely to fulfill mandatory PRC regulatory requirements;

(2) the Independent Valuer explicitly rejected the income approach as the final valuation conclusion due to uncertainties;

(3) the Board did not rely on the income approach valuation or the profit forecast to determine the Consideration or to assess the merits of the Acquisition;

(4) the profit forecast has not been examined or reported on by the reporting accountants or financial advisers in accordance with the Listing Rules;

(5) Shareholders must not rely on the income approach valuation or the profit forecast when assessing the Acquisition or deciding how to vote at the ESM; and

(6) the future earnings projections forming the basis of the income approach in the Valuation Report were provided by the management of the Target Company, and the Company and its Directors were not involved in the preparation of such data or projections and have no knowledge of the basis on which they were prepared.

The full text of the summary of the Valuation Report is set out in Appendix I to this circular.

CHANGE IN USE OF NET PROCEEDS

As set out in the 2025 Annual Results Announcement, after deducting the underwriting fees and relevant expenses, net proceeds from the Global Offering amounted to HK$86.4 million from the issue of H Shares by the Company in its listing on the Stock Exchange.

As at the Latest Practicable Date, approximately HK$21.9 million of the net proceeds has been utilized and approximately HK$64.5 million has not been utilized. Details of the original allocation of net proceeds, the revised allocation of the net proceeds, the utilized net proceeds as at the Latest Practicable Date and the expected timeline for utilizing the remaining unutilized net proceeds are set out as follows:

Usage	Original use of proceeds as stated in the Prospectus	Net proceeds utilized as at the Latest Practicable Date	Remaining net proceeds in accordance with the Prospectus as at the Latest Practicable Date	Adjustments to the allocation of remaining net proceeds	Revised remaining net proceeds as at the Latest Practicable Date	Expected timeframe for utilizing the remaining unutilized net proceeds
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
Strategic acquisitions	25.2	–	25.2	12.6	37.8	By the end of 2026
Purchase of vehicles and equipment, including:						
(i) Purchase operational vehicles for municipal sanitation services	17.1	(11.0)	6.1	–	6.1	By the end of 2026

Usage	Original use of proceeds as stated in the Prospectus	Net proceeds utilized as at the Latest Practicable Date	Remaining net proceeds in accordance with the Prospectus as at the Latest Practicable Date	Adjustments to the allocation of remaining net proceeds	Revised remaining net proceeds as at the Latest Practicable Date	Expected timeframe for utilizing the remaining unutilized net proceeds
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	
(ii) Procure operational vehicles and equipment for lighting system operation services	1.0	–	1.0	–	1.0	By the end of 2026
Technological investment, including:						
(i) Develop and optimise the internal management information system	7.4	(2.3)	5.1	–	5.1	By the end of 2026
(ii) Develop and enhance business operating systems	6.4	–	6.4	–	6.4	By the end of 2027
(iii) Develop device connection systems	7.4	–	7.4	–	7.4	By the end of 2026
(iv) Recruit engineers for software development and maintenance	0.7	–	0.7	–	0.7	By the end of 2026
Talent training and retention, including:						
(i) Expand the Group's dedicated team	11.8	(0.6)	11.2	(11.2)	–	–
(ii) Optimise talent training programmes	1.4	–	1.4	(1.4)	–	–
Working capital	8.0	(8.0)	–	–	–	–
Total	86.4	(21.9)	64.5	–	64.5	–

Save as disclosed in the table above, there are no other changes in the intended use of unutilized net proceeds.

Reasons for and Benefits of Change in use of Net Proceeds

In order to improve the efficiency of fund utilization and achieve possible business growth, the Company continuously optimizes its investment strategy and explores investment opportunities. The Board has decided to reallocate a portion of the remaining net proceeds for the Acquisition, which the Board considers to take precedence over expanding the Group's dedicated team and optimizing talent training programmes taking into account the Company's current strategic objective.

At the time of listing, the Company disclosed in its prospectus dated 8 May 2024 (the "**Prospectus**") that part of the net proceeds would be used to pursue potential strategic acquisition opportunities of property management service providers and urban service providers, with a geographic focus on Hunan Province, Jiangxi Province and Guizhou Province, with a view to maximising potential collaborative advantages with the Group's existing business and boosting business development. The Prospectus further indicated that the Group would target, among others, urban service providers with relevant operation experience and required qualifications, including providers of downstream services of lighting system operation and companies engaged in landscaping and engineering, with relevant qualifications in city and road lighting engineering, electronic and intelligent engineering, mechanical and electrical engineering and lighting engineering design.

Although the Target Company is principally engaged in software and information technology services, the Board considers that it falls within, or is highly complementary to, the urban service provider profile contemplated in the Prospectus. The Target Company's business and capabilities are applied to urban infrastructure and public service scenarios, including intelligent systems engineering design, construction, operation and maintenance, smart city construction and operation, urban and road lighting engineering, mechanical and electrical engineering, intelligent system integration and software research and development. Its qualifications also substantially overlap with the qualification areas referred to in the Prospectus, including the professional contracting qualification on city and road lighting engineering (Level 2)* (城市及道路照明工程專業承包資質(貳級)), the professional contracting qualification on electronic and intelligent engineering (Level 1) *(電子與智能化工程專業承包資質(壹級)), the general contracting qualification for construction of mechanical and electrical engineering (Level 2)* (機電工程施工總承包資質(貳級)), and the special qualification for building intelligent systems design (Class A)* (建築智能化系統設計專項(甲級)).

The Target Company's project experience in public infrastructure, weak-current and digitalised systems, urban lighting improvement, control systems and related operation and maintenance demonstrates its strategic fit with the Group's existing urban services business. In particular, the Target Company has an established track record of delivering relevant projects to governmental authorities (including education, public security, judicial and supervisory authorities), state-owned enterprises and other institutional customers. Representative projects delivered by the Target Company include:

(i) intelligent and weak-current works for office, commercial and mixed-use developments, such as the intelligent works for the Zhongnan National Digital Publishing Base Malanshan Park project* (中南國家數字出版基地馬欄山園區項目智能化工程), the weak-current intelligent works for the indoor renovation project of the T2 office tower of Binjiang Financial Centre* (濱江金融中心T2寫字樓室內裝修項目弱電智能化工程) and the intelligent works for the Hengchang Fu construction general contracting project* (恒昌府項目施工總承包工程智能化項目);

(ii) smart city, intelligent community and digital platform projects, such as the intelligent community project (Phase II) and comprehensive management platform project for the Jinyang New City Talent Apartments* (金陽新城人才公寓智慧社區項目(二期)及綜合管理平台項目) and the "New Reading Platform" construction project of Yunnan Xinhua Bookstore Group* (雲南新華書店集團「新閱讀平台」建設項目);

(iii) public infrastructure and transportation-related works, such as the Skynet (Tianwang) project for the Xiangya Road River-Crossing Tunnel project* (湘雅路過江通道工程天網工程) and the perimeter wall and patrol road works (including monitoring) for the retained land of Datuopu Airport* (大托鋪機場保留用地圍牆及巡場道路(含監控)工程); and

(iv) video monitoring and intelligent control systems for governmental and public-sector customers, such as the video monitoring system construction project for the standardised examination venues of junior high schools in Binyang County* (賓陽縣初中標準化考場視頻監控系統建設項目).

Accordingly, the Board considers that the Acquisition represents an implementation of the strategic acquisition strategy disclosed in the Prospectus. The Proposed Change in Use of Proceeds is a reallocation of part of the remaining unutilised net proceeds to the existing strategic acquisitions category for the purpose of funding the Acquisition. The Acquisition is expected to improve the Group's urban service industrial chain, enhance its intelligent service capabilities and accelerate the Group's development into a technology-enabled integrated urban operation service provider. The Board therefore considers that the Proposed Change in Use of Proceeds is consistent with the Company's disclosed strategic direction and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Discloseable transaction

As the relevant percentage ratio(s) calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the Latest Practicable Date, CSUDGCL, being one of the Transferors and as one of the Controlling Shareholders of the Company, is a connected person of the Company as defined under Chapter 14A of the Listing Rules. In addition to CSUDGCL being a connected person of the Company, each of the Individual Shareholders is to be regarded as a deemed connected person of the Company pursuant to Rule 14A.20 of the Listing Rules in respect of the Acquisition, considering that (a) each of the Individual Shareholders, as a Transferor, has entered into the Share Acquisition Agreement with the Company and therefore has entered, or proposes to enter, into a transaction with the Group in connection with the Acquisition; (b) CSUDGCL, being one of the Controlling Shareholders of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules and falls within the category of connected persons described in Rule 14A.07(1) of the Listing Rules; and (c) in connection with the Acquisition, the Individual Shareholders have entered, or propose to enter, into agreements, arrangements, understandings or undertakings with CSUDGCL in respect of the Acquisition. In particular, pursuant to the Share Acquisition Agreement and the Subsequent Share Purchase Arrangement, the Individual Shareholders have jointly and severally undertaken that, following receipt of the first installment of the Consideration, they shall apply an amount of after-tax cash equal to 50% of their respective pro-rata share of the total Consideration payable to them under the Share Acquisition Agreement to purchase certain unlisted Shares of the Company from CSUDGCL. The execution of the Share Transfer Agreement by the Individual Shareholders and CSUDGCL in relation to the Subsequent Share Purchase Arrangement, and the escrow arrangement relating to the relevant portion of the Consideration, are also conditions precedent to Completion.

Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules as a result of CSUDGCL being a Transferor and a connected person of the Company, and the Individual Shareholders being deemed connected persons of the Company in respect of the Acquisition. The Acquisition therefore constitutes a connected transaction of the Company subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH RULE 14A.70(13) AND PARAGRAPH 29(2) OF APPENDIX D1B TO THE LISTING RULES

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14A.70(13) and paragraph 29(2) of Appendix D1B to the Listing Rules in respect of the reports which would otherwise be required to be included in this circular in relation to the income approach valuation contained in the Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, based on the following grounds:

(i) **The Consideration was determined solely based on the asset-based approach (and not the income approach).** The Consideration of RMB49,543,500 was determined after arm's length negotiations between the Company and the Transferors, solely with reference to the appraised value of the entire equity interest of the Target Company derived from the asset-based approach as at the Valuation Reference Date. The Board did not take into consideration, nor rely upon, the income approach valuation or any profit forecast in determining the Consideration or in assessing the fairness and reasonableness of the Acquisition. The income approach valuation has not been, and will not be, used to justify the Consideration to the Independent Shareholders. Accordingly, the underlying regulatory concern that paragraph 29(2) of Appendix D1B seeks to address, namely, protecting shareholders from being misled by optimistic and unverified projections used to justify an inflated acquisition price, does not arise in the present case.

(ii) **The Independent Valuer's professional judgment explicitly rejected the income approach.** Although the Independent Valuer performed the income approach valuation, it deliberately did not adopt it as the final valuation conclusion. In the exercise of its professional judgment, the Independent Valuer considered that the income approach could hardly accurately reflect the enterprise value due to inherent uncertainties regarding the Target Company's future profitability, operational capability, industry competitive market prospects, and macroeconomic changes, and its heavy reliance on state-owned enterprises and public institutions which renders it susceptible to government policy changes. The Independent Valuer concluded that the asset-based approach is "more stable" and "can more comprehensively and reasonably reflect the intrinsic value of the enterprise".

(iii) **Mandatory compliance with PRC laws and regulations.** The inclusion of the income approach in the Valuation Report was not a voluntary election by the Company and was not intended to be used as a basis to justify the Consideration. Pursuant to Article 22 of the "Assets Valuation Practice Standards – Assets Valuation Method (2019)" (《資產評估執業準則 – 資產評估方法 (2019)》) issued by the China Appraisal Society (中國資產評估協會), where the conditions for using different valuation methods are met, a valuer is mandatorily required to adopt two or more valuation methods. The income approach was therefore performed by the Independent Valuer purely as a procedural necessity to ensure the Valuation Report is legally valid under PRC law.

(iv) **Company's lack of involvement in the profit forecast.** The financial projections, future cash flow estimates and underlying commercial assumptions used in the income approach were formulated by the Independent Valuer based on information and business plans provided solely by the management of the Target Company. The Company and the Directors were not involved in the preparation of the profit forecast or the formulation of its underlying assumptions, did not provide, suggest, review or approve such projections, and have not independently verified or endorsed them. As the Directors did not prepare, adopt or rely upon the profit forecast, they are not in a position to state the forecast as their own after due and careful enquiry, and it is therefore not practicable for the Company's financial adviser to issue the confirmation contemplated by paragraph 29(2) of Appendix D1B.

(v) **Disproportionate time and cost burden.** Strict compliance with the Reporting Requirements under paragraph 29(2) of Appendix D1B to the Listing Rules would impose an unnecessary and disproportionate burden on the Company in terms of both time and professional costs, without providing any commensurate benefit to the Independent Shareholders. Given the complexities of forecasting the Target Company's business, which, as the Independent Valuer noted, involves significant uncertainties regarding future profitability, government policy changes, and long accounts receivable periods, reviewing these projections would be a time-consuming and costly exercise. Undertaking this process would incur substantial additional professional fees and potentially significantly delay the despatch of the Circular, the convening of the ESM, and ultimately, the Completion of the Acquisition. Expending such resources to report on a valuation approach which was not adopted by the Independent Valuer and was not relied upon by the Board would be disproportionate, and the results would not provide any meaningful or commensurate benefit to the Independent Shareholders in assessing the actual merits and pricing of the Acquisition.

(vi) **Alternative disclosure and no prejudice to Shareholders.** To ensure that the Independent Shareholders are fully informed and protected, the Company will provide alternative disclosures in this Circular, including (a) disclosure of how the Consideration was determined solely by reference to the asset-based approach, together with a summary of the valuation results showing the appraised value of the Target Company's individual assets and liabilities; (b) the Valuation Report (or a comprehensive summary thereof) setting out the Independent Valuer's methodology and its express rationale for rejecting the income approach due to inherent forecasting uncertainties; (c) the historical financial information of the Target Company as required under the Listing Rules, enabling Shareholders to evaluate the Target Company based on its historical performance; and (d) a letter from the Independent Board Committee and a letter of advice from the Independent Financial Adviser (China Sunrise Capital Limited) on whether the terms of the Acquisition are fair and reasonable and in the interests of the Independent Shareholders.

Having considered the above, the Board is of the view that the detailed disclosure regarding the asset-based approach, the historical financial information of the Target Company, the inclusion of the Valuation Report (which clearly sets out the Independent Valuer's rationale for rejecting the income approach), and the proposed prominent warning statements would be sufficient for the Independent Shareholders to make a properly informed assessment on the Acquisition.

ESM AND PROXY ARRANGEMENTS

An ESM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the Proposed Change in Use of Proceeds.

CSUDGCL, being one of the Controlling Shareholders of the Company and one of the Transferors, and its associates are regarded as having a material interest in the Acquisition and the Proposed Change in Use of Proceeds and therefore are required to abstain from voting on the resolutions proposed to be passed at the ESM for approving (i) the Share Acquisition Agreement and the transactions contemplated thereunder; and (ii) the Proposed Change in Use of Proceeds.

As at the Latest Practicable Date, CSUDGCL and Yuelushan Tourism Culture Development Co., Ltd. (岳麓山旅遊文化開發有限公司) ("**Yuelushan Company**"), an associate of the CSUDGCL, in aggregate held 120,000,000 Shares, representing approximately 75% of the total issued Shares of the Company. Accordingly, CSUDGCL and Yuelushan Company will abstain from voting at the ESM in respect of the resolutions proposed to be passed for approving (i) the Share Acquisition Agreement and the transactions contemplated thereunder; and (ii) the Proposed Change in Use of Proceeds.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no other Shareholder who has a material interest in the relevant resolutions regarding (i) the proposed Acquisition; and (ii) the Proposed Change in Use of Proceeds, respectively. As a result, no other Shareholder is required to abstain from voting at the ESM.

The ESM Notice is set out on pages ESM-1 to ESM-2 in this circular and published and available for downloading on the websites of Stock Exchange (www.hkexnews.hk) and of the Company (www. hollwingroup.com). A proxy form for use at the ESM is enclosed with this circular.

Whether or not you intend to attend the ESM, you are requested to complete the enclosed proxy form of the Company in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for H Shareholders), or the Company's head office and principal place of business at 9/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC (for Unlisted Share Shareholders), as soon as possible but in any event, not less than 24 hours before the time appointed for the holding of the ESM or any adjournment thereof (i.e. not later than 9:00 a.m. on Monday, 29 June 2026). Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the ESM or any adjournment thereof should they so wish. If you attend and vote at the ESM, the authority of your proxy will be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions set out in the ESM Notice will be taken by way of poll. Vote can be cast in person or by proxy.

Record date (being the last date of registration of any share transfer given there will be no book closure) for determining the entitlement of the Shareholders to vote at the ESM will be Monday, 29 June 2026. To be eligible for attending and voting at the ESM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for H Shareholders), or the Company's head office and principal place of business at 9/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC (for Unlisted Share Shareholders) not later than 4:30 p.m. on Monday, 29 June 2026 for registration. Shareholders whose names appear on the register of members of the Company on Monday, 29 June 2026, shall be entitled to attend and vote at the ESM.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors, having taken into account the advice of the Independent Financial Adviser), consider that the terms of the Acquisition contemplated under the Share Acquisition Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the ESM to approve the Share Acquisition Agreement and the transactions contemplated under it.

The Directors consider that the Proposed Change in Use of Proceeds is in the interests of the Company and the Shareholders as a whole. In view of the above, the Board recommends that the Shareholders vote in favour of the relevant resolution to be proposed at the ESM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 38 to 39 of this circular, the letter from the Independent Financial Adviser as set out on pages IFA-1 to IFA-40 of this circular and the additional information as set out in the appendices to this circular.

By order of the Board
Hollwin Urban Operation Service Group Co., Ltd
Mr. Xie Yi
Chairman and Executive Director

* *for identification purposes only*

泓盈集团
HOLLWIN

HOLLWIN URBAN OPERATION SERVICE GROUP CO., LTD
泓盈城市運營服務集團股份有限公司

(A joint-stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02529)

12 June 2026

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY

We refer to the circular dated 12 June 2026 issued by the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Acquisition, and to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition. The Independent Financial Adviser, China Sunrise Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 35 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Share Acquisition Agreement and the transactions contemplated under it as set out on pages IFA-1 to IFA-40 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we concur with the views of the Independent Financial Adviser and consider that the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules by virtue of (i) CSUDGCL being a Controlling Shareholder and accordingly a connected person of the Company; and (ii) the Individual Shareholders, who are deemed to be connected persons of the Company pursuant to Rule 14A.20 of the Listing Rules for reasons set out in the section headed "Listing Rules Implications – Connected transaction" in the letter from the Board of the Circular. The Acquisition is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. We are of the view that the Acquisition and the terms of the Share Acquisition Agreement are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, are fair and reasonable, and are 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 to be proposed at the ESM to approve the Share Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,
Ms. Chan Ka Lai Vanessa, Dr. Dai Xiaofeng and Mr. Tse Chi Wai
Independent Board Committee

Set out below is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Acquisition Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

華升資本
CHINA SUNRISE CAPITAL

CHINA SUNRISE CAPITAL LIMITED
Room 1512
YF Life Centre
38 Gloucester Road
Wan Chai, Hong Kong

12 June 2026

To: The Independent Board Committee and the Independent Shareholders of Hollwin Urban Operation Services Group Co., Ltd.

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY

INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Acquisition Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 12 June 2026 (the "**Circular**"), of which this letter (the "**Letter**") forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 17 April 2026 (after trading hours), the Company entered into the Share Acquisition Agreement with the Transferors pursuant to which the Company has conditionally agreed to acquire, and the Transferors have conditionally agreed to sell, the entire equity interest of the Target Company at the consideration of RMB49,543,500, subject to the terms and conditions of the Share Acquisition Agreement. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

As the relevant percentage ratio(s) calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, CSUDGCL, being one of the Transferors and as one of the Controlling Shareholders of the Company, is a connected person of the Company as defined under Chapter 14A of the Listing Rules. In addition to CSUDGCL being a connected person of the Company, each of the Individual Shareholders is to be regarded as a deemed connected person of the Company pursuant to Rule 14A.20 of the Listing Rules in respect of the Acquisition, considering that (a) each of the Individual Shareholders, as a Transferor, has entered into the Share Acquisition Agreement with the Company and therefore has entered, or proposes to enter, into a transaction with the Group in connection with the Acquisition; (b) CSUDGCL, being one of the Controlling Shareholders of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules and falls within the category of connected persons described in Rule 14A.07(1) of the Listing Rules; and (c) in connection with the Acquisition, the Individual Shareholders have entered, or propose to enter, into agreements, arrangements, understandings or undertakings with CSUDGCL in respect of the Acquisition. In particular, pursuant to the Share Acquisition Agreement and the Subsequent Share Purchase Arrangement, the Individual Shareholders have jointly and severally undertaken that, following receipt of the first installment of the Consideration, they shall apply an amount of after-tax cash equal to 50% of their respective pro-rata share of the total Consideration payable to them under the Share Acquisition Agreement to purchase certain unlisted Shares of the Company from CSUDGCL. The execution of the Share Transfer Agreement by the Individual Shareholders and CSUDGCL in relation to the Subsequent Share Purchase Arrangement, and the escrow arrangement relating to the relevant portion of the Consideration, are also conditions precedent to Completion.

Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules as a result of CSUDGCL being a Transferor and a connected person of the Company, and the Individual Shareholders being deemed connected persons of the Company in respect of the Acquisition. The Acquisition therefore constitutes a connected transaction of the Company subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Yu Xiao, a non-executive Director of the Company, who also holds management positions at CSUDGCL and its associates (other than the Group), has abstained from voting on the Board resolutions approving the Share Acquisition Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Share Acquisition Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the Board resolutions approving the Share Acquisition Agreement and the transactions contemplated thereunder.

An ESM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the Acquisition. As at the Latest Practicable Date, CSUDGCL and Yuelushan Tourism Culture Development Co., Ltd.* (岳麓山旅遊文化開發有限公司) ("**Yuelushan Company**"), an associate of the CSUDGCL, in aggregate held 120,000,000 Shares, representing approximately 75% of the total issued Shares of the Company. Accordingly, CSUDGCL and Yuelushan Company shall abstain from voting at the ESM in respect of the resolution proposed to be passed for approving the Share Acquisition Agreement and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Chan Ka Lai Vanessa, Dr. Dai Xiaofeng and Mr. Tse Chi Wai, has been established to advise the Independent Shareholders as to:

(a) whether the entering into of the Share Acquisition Agreement is in the ordinary and usual course of business of the Group;

(b) whether the terms of the Share Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable;

(c) whether the Share Acquisition Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and

(d) how the Independent Shareholders should vote on the relevant resolutions in relation to the Agreement to be proposed at the ESM.

We, China Sunrise Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in same regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

None of the members of the Independent Board Committee has any interest or involvement in the Share Acquisition Agreement and the transactions contemplated thereunder. Having obtained and considered the advice from the Independent Financial Adviser, the view and recommendation of the Independent Board Committee in respect of the Share Acquisition Agreement and the transactions contemplated thereunder are set out in the Letter from the Independent Board Committee in this Circular.

INDEPENDENCE OF CHINA SUNRISE CAPITAL

During the past two years immediately prior to the Latest Practicable Date, China Sunrise Securities (International) Limited, being a fellow subsidiary of China Sunrise Capital Limited, was appointed as the joint bookrunners and joint lead managers in respect of the global offering of the Company (the "**Past Appointment**"), details of which are set out in the prospectus of the Company dated 8 May 2024 (the "**Prospectus**"). The Past Appointment is independent to our current appointment in relation to the Acquisition. We are of the view that the Past Appointment would not render our current appointment becoming not independent based on the fact that the Past Appointment and the current appointment in connection with the Acquisition are different sets of transactions which are different in nature and our professional fees in connection with the Past Appointment have been fully settled and we are not aware of the existence of or change in any circumstances that could affect our independence. Accordingly, we do not consider the Past Appointment gives rise to any conflict of interest for China Sunrise Capital Limited in respect of the Acquisition.

Save for the Past Appointment and this appointment as the Independent Financial Adviser to provide our independent advice on the Acquisition, as at the Latest Practicable Date, China Sunrise Capital did not have any other relationship or connection, financial or otherwise, with or any interests in the Company, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates that could reasonably be regarded as relevant to our independence.

Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, the Group, the Target Company, the Transferors or any other parties that could reasonably be regarded as relevant to our independence and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Share Acquisition Agreement and the transactions contemplated thereunder pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our advice, we have relied on the truth, accuracy and completeness of the statements, information, facts, representations and opinions contained or referred to in this Circular, provided and made to us by the Directors and the management of the Group (collectively, the "**Management**"), the Company, and its advisers. We have reviewed, amongst other things:

(i) the Share Acquisition Agreement;

(ii) the Company's annual report for the year ended 31 December ("**FY**") 2025 (the "**2025 Annual Results Report**");

(iii) the Company's annual report for the year ended 31 December ("**FY**") 2024 (the "**2024 Annual Report**");

(iv) the valuation report issued by Hunan Hengji Real Estate Land Asset Appraisal Co., Ltd. (the "**Independent Valuer**") in respect of the valuation of the entire equity value of the Target Company as at 30 June 2025 (the "**Valuation**") as set out in Appendix I to the Circular; and

(v) other information, representations and opinions as contained or referred to in this Circular.

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 in this Circular or this Circular misleading. We have also sought and received confirmation from the Directors that no material information or facts have been omitted from the information and facts provided to us and the representations made and opinions expressed by them are not misleading or deceptive in any material respect. We have no reason to suspect that any material information or facts have been omitted or withheld nor to doubt the truth, accuracy or completeness of the information and facts contained in this Circular or provided to us, or the reasonableness of the opinions expressed by the Management, the Company, and its advisers, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for us to formulate our advice as set out in this Letter. We have assumed that all statements, information, facts, representations and opinions contained or referred to in this Circular and/or those provided to us by the Management, the Company and its advisers, for which they are solely and wholly responsible, have been reasonably made after due enquiries and careful consideration and are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so in all material respect up to the date of the ESM.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this Letter.

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the businesses, affairs, operations, financial position or future prospects of the Group.

Our advice is necessarily based on the prevailing financial, economic, market and other conditions and the information made available to us as at the Latest Practicable Date. Where information in this Letter has been extracted from published or otherwise publicly available sources, the sole responsibility of ours is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not used out of context.

This Letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the matters relating to the Acquisition. Except for its inclusion in this Circular, this Letter is not to 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 TAKEN INTO CONSIDERATION

In formulating our opinion and recommendations in respect of the Acquisition to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

1. Information of the Group

The Company, a joint stock company established in the PRC with limited liability, is principally engaged in property management services, urban services and commercial operation services. The Company is held as to 75.0% directly and indirectly by CSUDGCL. CSUDGCL, together with Changsha Urban Construction Investment and Development Group Co., Ltd.* (長沙市城市建設投資開發集團有限公司), and Yuelushan Tourism Culture Development Co., Ltd.* (岳麓山旅遊文化開發有限公司), constitutes a group of Controlling Shareholders of the Company.

CSUDGCL, a company established in the PRC with limited liability, is principally engaged in urban development, construction, operation and investment, and property development and investment. CSUDGCL is a state-owned enterprise ultimately controlled by Changsha Municipal SASAC.

Set out below is the summary of the audited financial information of the Group for FY2024 and FY2025 as extracted from the 2024 Annual Report and the 2025 Annual Results Report:

Table 1: Highlights of the financial results of the Group

	Audited	
	FY2024	**FY2025**
	(RMB'000)	*(RMB'000)*
Revenue	683,511	674,664
– Property management services	*291,091*	*326,205*
– Urban services	*331,082*	*280,866*
– Commercial operation services	*61,338*	*67,593*
Gross profit	172,234	173,676
Profit for the year attributable to the shareholders of the Company	71,858	74,376

Sources: the 2024 Annual Report and the 2025 Annual Results Report

Comparison between FY2024 and FY2025

The total revenue of the Group decreased by approximately 1.3% from approximately RMB683.5 million for FY2024 to RMB674.7 million for FY2025, primarily due to the revenue contribution from provision of urban services. Revenue generated from property management services segment increased by approximately 12.1% from approximately RMB291.1 million for FY2024 to approximately RMB326.2 million for FY2025, mainly attributable to (i) an increase in the gross floor area ("**GFA**") under management from 11.4 million sq. m. as of 31 December 2024 to 15.9 million sq. m. as of 31 December 2025; and (ii) an increase in the number of projects under management from 81 as of 31 December 2024 to 135 as of 31 December 2025. Revenue derived from urban services segment decreased by approximately 15.2% from approximately RMB331.1 million for FY2024 to approximately RMB280.9 million for FY2025, primarily attributable to a decline in revenue from landscaping and engineering services, driven by a decrease in number of projects under management as a result of overall market contraction rendered by local government debt resolution and slower growth in infrastructure investment. As of December 31, 2025, the total aggregate number of urban services projects was 225, representing a year-on-year decrease of 40 projects relative to December 31, 2024. The decline was primarily attributable to (i) the termination of certain projects as a result of changes in customers' operational circumstances; and (ii) a decrease in newly engaged projects, as impacted by the sluggish macro-economic environment and property sector. In regards to the commercial operation services segment, the Group's revenue from commercial operation services amounted to RMB67.6 million, representing an increase of 10.2% from RMB61.3 million for the same period in 2024. The increase was primarily attributable to (i) the rise in rental and management fees; and (ii) the full-year revenue recognition of certain projects which kick-started during 2024.

The gross profit and gross profit margin of the Group remained relatively stable for FY2024 and FY2025.

Combining the effects above, the Group recorded the profit attributable to the shareholders of the Company of approximately RMB71.9 million for FY2024, represented an increase of approximately 3.5% to approximately RMB74.4 million for FY2025, of which despite a slight decline in overall revenue, the increased proportion of revenue from higher gross profit margin property management services and commercial operation services has driven a year-on-year rise in net profits.

Table 2: Highlights of the financial positions of the Group

	Audited As at 31 December 2024 *(RMB'000)*	**Audited As at 31 December 2025** *(RMB'000)*
Non-current assets	59,560	71,538
Current assets	836,988	874,303
– Cash and cash equivalents	*354,668*	*353,253*
Total assets	896,548	945,841
Non-current liabilities	3,999	3,295
Current liabilities	518,031	530,340
Total liabilities	522,030	533,635
Net asset value ("**NAV**") attributable to owners of the Company	374,513	412,089

Source: the 2025 Annual Results Report

As at 31 December 2025 (with comparative figures as at 31 December 2024)

As at 31 December 2025, the Group had non-current assets of approximately RMB71.5 million (2024: RMB59.6 million) which comprised mainly property, plant and equipment of approximately RMB26.0 million (2024: RMB17.3 million), interest in joint ventures of approximately RMB15.9 million (2024: RMB14.6 million) and deferred tax assets of approximately RMB16.2 million (2024: RMB13.1 million).

As at 31 December 2025, the Group had current assets of approximately RMB874.3 million (2024: RMB836.9 million) which comprised mainly (i) contract assets of approximately RMB317.5 million (2024: RMB286.3 million); (ii) prepayment, trade and other receivables of approximately RMB197.6 million (2024: RMB187.0 million); and (iii) cash and cash equivalents of approximately RMB353.3 million (2024: RMB354.7 million). The increase in current assets as at 31 December 2025 was mainly attributable to the increase in contract assets and prepayments, trade and other receivables, and partly offset by the decrease in restricted bank deposits.

As at 31 December 2025, the Group had non-current liabilities and current liabilities amounted to approximately RMB3.3 million and RMB530.3 million respectively (2024: RMB3.9 million and RMB518.0 million respectively), comprising mainly trade and other payables of approximately RMB491.9 million (2024: RMB480.0 million). The increase in current liabilities as at 31 December 2025 was mainly attributable to the increase in trade and other payables.

2. Information of the Transferors

CSUDGCL, a company established in the PRC with limited liability, is principally engaged in urban development, construction, operation and investment, and property development and investment. CSUDGCL is a state-owned enterprise ultimately controlled by Changsha Municipal SASAC.

Save as CSUDGCL, each of the Individual Shareholders, namely Mr. Liu Junqing, Mr. Yang Guanzhong, Ms. Yang Hong, Ms. Yang Yujuan and Mr. Tang Weiping, is a PRC resident. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Individual Shareholders is an Independent Third Party.

3. Information of the Target Company

The Target Company is a company established in the PRC with limited liability. It is principally engaged in the business of software and information technology services, including (i) intelligent systems engineering design, construction, operation and maintenance; (ii) smart city construction and operation and (iii) intelligent system integration and software research and development ("**R&D**"). The Target Company primarily focuses on (i) smart city construction and operation; (ii) urban and road lighting engineering; (iii) mechanical and electrical engineering; (iv) intelligent system integration, operation, and management; (v) software system research, development, and operation; and (vi) industry-academia-research innovation projects.

As at the Latest Practicable Date, the Target Company is owned as to 51% by CSUDGCL, which is ultimately controlled by Changsha Municipal SASAC. The remaining 49% of the equity interest is held in aggregate by five individual shareholders, namely Mr. Liu Junqing (劉俊清) (12.8%), Mr. Yang Guanzhong (楊貫中) (12.4%), Ms. Yang Hong (楊宏) (12.4%), Ms. Yang Yujuan (楊玉娟) (8.2%) and Mr. Tang Weiping (唐偉平) (3.2%).

The following tables are the summarised financial information of the Target Company for FY2024 and FY2025 provided by the Target Company:

Table 3: Highlights of the financial results of the Target Company

	For the year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
	(audited)	(unaudited)
Revenue	77,897	80,176
Profit before tax	143	1,143
(Loss)/profit after tax	(436)	593

The unaudited net asset value of the Target Company as at 31 December 2025 amounted to approximately RMB55.3 million and the audited net asset value of the Target Company as at 30 June 2025 amounted to approximately RMB49.1 million. According to the Valuation Report, the entire equity of the Target Company was appraised at RMB49,543,500 as at the Valuation Reference Date using the asset-based approach.

CSUDGCL acquired 51% of the Target Company in 2017 at the original acquisition cost of approximately RMB21.930 million. (the "**Previous Acquisition**")

4. Reasons for and benefits of the Acquisition

As stated in the Letter from the Board, the Group is principally engaged in three main segments comprising property management services, urban services and commercial operation services. The Board believes that the Acquisition represents a strategic opportunity to enhance the Company's capabilities in the "Smart City" and digital transformation sectors. The Target Company is principally engaged in intelligent systems engineering, design, construction, and operation, which is highly synergistic with the Group's strategic goal of becoming a regionally leading and nationally first-tier integrated urban service provider. The Acquisition will improve the Group's urban service industrial chain, enhance its intelligent service capabilities, and accelerate its strategic transformation and upgrade.

As stated in the Letter from the Board, the Board believes the Acquisition is in the interests of the Company and the Shareholders as a whole for the following principal reasons:

(i) Strategic Realignment and Strengthening of the Listed Platform

The Acquisition represents a strategic optimisation of resource allocation within the state-owned assets framework. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company. This full integration removes previous structural limitations, better positioning the Company to secure and execute larger-scale, higher-value projects. This strategic consolidation directly enhances the Company's financial scale and operational capacity, bolstering its market leadership and competitive advantage, driving sustainable growth and increasing long-term shareholder value.

(ii) Enhancement of Technological Capabilities and Regional Consolidation

Amid the property management industry's transformation towards technology-driven and qualification-based services, technological capability has become a core indicator of long-term competitiveness. The Acquisition is an important step in advancing the Company's strategy of "driving intelligent transformation through technology" to enhance operational efficiency and service delivery. The Target Company has an established solutions portfolio in the smart city domain. The Target Company has an established solutions portfolio in the smart city domain. It provides services such as information integration, smart city application development and operations, with its integrated solutions covering key urban sectors including smart transportation, smart industrial parks, and smart education and a proven track record in software platforms and intelligent systems. This will complement the Company's existing expertise and address its needs in certain technological areas and qualifications, strengthening its position as a regionally leading and nationally first-tier integrated urban service provider, solidifying its regional leadership status, and allowing it to better leverage its advantages as a local state-owned enterprise.

(iii) Driving Valuation and Long-Term Growth

As the Company seeks to expand its business boundaries, this strategic acquisition is expected to improve the Company's profitability profile and diversify its revenue streams. The integration of the Target Company's business is expected to strengthen the capital market's recognition of the Company's positioning as a "full-chain urban service provider" and attract investor interest in its long-term growth prospects. The Board believes this may lead to a positive re-evaluation of the Company's profitability and growth potential.

In order to assess the merits of the Acquisition, we have conducted desktop research and reviewed certain public available information in relation to the IT and smart city industry in the PRC. The government of China attaches great importance to the construction of smart cities and regards it as an important part of national strategy. In recent years, a series of policy documents have been issued at the national level, such as the "Promoting the Construction of New-Type Urban Infrastructure and Building Resilient Cities"* (關於推進新型城市基礎設施建設打造韌性城市的意見) and the "Development of the Digital Economy During the "14th Five-Year" Period"* ("十四五"數字經濟發展規劃) ("**Development Plan**"), which have clarified the development goals and paths of smart cities. Local governments in China have also responded actively and launched specific implementation plans and financial support, providing a strong policy guarantee for the construction of smart cities. The Development Plan clearly indicates the digital economy will enter into a comprehensive expansion period and the value added of the core industries in the digital economy will account for approximately 10.0% of the gross domestic product ("**GDP**") by 2025, while the value added of the core industries in the digital economy accounted for approximately 7.8% of its GDP in 2020.

Pursuant to the "Document No. 79 issued by the State-owned Assets Supervision and Administration Commission"* (國資委79號文件), it indicates that it is necessary to accelerate the independent localised innovation of IT and mandates central enterprises and local state-owned enterprises to complete the domestic substitution by the end of 2027, ensuring full self-reliance and controllability of critical IT systems. As of April 2020, the Ministry of Housing and Urban-Rural Development* (住房和城鄉建設部) had approved a total of 290 smart city IT solutions pilot projects. These key pilot cities are primarily concentrated in the southeastern and central regions of China, such as Hunan Province, which has a high concentration of approved smart city IT solutions pilot projects, with each region focusing on different priority areas for smart city IT solutions development. On the local level, Hunan Province has actively aligned with national strategies by issuing specific policies such as the Action Plan for Enhancing Computing Power Support Capability (2022-2025)* (湖南省算力支撐能力提升行動方案 (2022-2025年)). By the end of 2025, Hunan Province aims to boost the total computing power from the current three (3) floating point operations per second ("**EFLOPS**") to ten (10) EFLOPS, in particular target to reach two (2) EFLOPS for advanced computing power and eight (8) EFLOPS for data center computing power. The policy also targets a total data centre storage capacity of reaching 50 exabyte. The annual average growth rate of data centre rack scale should be maintained at approximately 15% while ensuring the average utilisation rate of data centre of not less than approximately 60%. Furthermore, network performance is projected to achieve a reduction in intra-province network-to-network access latency to less than 80%, and a reduction in the packet loss rate to less than 50%. All of which are promulgated with an aim to establish Hunan Province as an international leading algorithm innovation centre. Notably, based on our understanding from the Management, the majority of the Target Company's revenue (over 50% for the three years FY2024 and FY2025) has been derived from sizeable state-owned enterprises in the Hunan Province.

According to the National Bureau of Statistics of China, the market size of China's smart city IT solutions industry continues to expand. The market size of China's smart city IT solutions industry grew from approximately RMB651.8 billion in 2020 to approximately RMB939.7 billion in 2024, registered a compound annual growth rate ("**CAGR**") of approximately 9.6%. With the policy support coupled with the emerging technologies, the market size of China's smart city IT solutions industry is expected to continue its steady growth in the coming years, which forms a critical part of the Target Company's ordinary and usual course of business.

We note that the principal activities of the Group comprise property management services, urban services and commercial operation services. With reference to the Prospectus, we understand that it is the intention of the Group to expand the business scale through mergers and acquisitions, equity investment and other methods. The Group will implement sound procedures for the selection of acquisition targets as well as due diligence and judgement. We have further noted that as stated in the announcement dated 17 April 2026 in relation to the change in use of proceeds from H shares offering, the Company intended to utilise approximately 58.6% of the revised remaining net proceeds received from the global offering as at the Latest Practicable Date to pursue for potential strategic acquisition opportunities of property management service providers and urban service providers with a geographic focus on Hunan Province, Jiangxi Province and Guizhou Province to maximise potential collaborative advantages with our existing business and boost its business development. As such, we consider that although the entering into of the Share Acquisition Agreement is not in the ordinary and usual course of business of the Group, it aligns the acquisition strategy of the Group and represents a favourable investment opportunity of the Group to tap into the IT and smart city industry related business with growth potential, and to generate diversified income and additional cashflow through the Acquisition.

In light of the above, we concur with the Directors' view that the Acquisition will expand the revenue resources of the Group, improve the profitability of the Group, is in line with the strategic goal of achieving long-term development which is in the interests of the Company and the Shareholders as a whole, even though the entering into the Share Acquisition Agreement is not in the ordinary and usual course of business of the Group.

5. Principal terms of the Share Acquisition Agreement

The principal terms of the Share Acquisition Agreement are set out below. Further details of the principal terms of the Share Acquisition Agreement, including the conditions precedent are set out in the Letter from the Board.

Date

17 April 2026 (after trading hours)

Parties

(1) the Company (as the Transferee);

(2) the Transferors, being,

(a) CSUDGCL;

(b) Mr. Liu Junqing;

(c) Mr. Yang Guanzhong;

(d) Ms. Yang Hong;

(e) Ms. Yang Yujuan;

(f) Mr. Tang Weiping; and

(Parties (2)(a) to (f), collectively, the "**Transferors**", and each a "**Transferor**")

(3) the Target Company.

Subject matter

Pursuant to the Share Acquisition Agreement, the Transferors have conditionally agreed to sell, and the Company has conditionally agreed to acquire, the entire equity interest of the Target Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

Consideration and payment terms

The total consideration of the Acquisition payable by the Company to the Transferors shall be RMB49,543,500 (the "**Consideration**"), which is determined by the abovesaid parties at arm's length with reference to the appraised value of the entire equity interest of the Target Company as at the Valuation Reference Date (i.e. 30 June 2025).

The Consideration will be paid by the Company in cash to the Transferors, which shall be funded by the Group's internal resources, and will be conducted in installments in accordance with the payment schedule and conditional upon the satisfaction of the relevant payment conditions set out in the Share Acquisition Agreement as particularised below:

Installment	Payment Milestone(Note 1)	Payment Conditions(Note 2, 3)	Percentage of Total Consideration Payable(Note 4)
First	On the Completion Date	Not applicable (Payable upon Completion)	70% of the Consideration(Note 5)
Second	Within thirty (30) Business Days following the expiration of the First Performance Guarantee Year and the issuance of the audit report required under the Share Acquisition Agreement	Subject to (i) the Target Company's audited net profit for First Performance Guarantee Year meeting the guaranteed performance target; and (ii) no material breach by the Transferors has occurred	5% of the Consideration
Third	Within thirty (30) Business Days following the expiration of the Second Performance Guarantee Year and the issuance of the audit report required under the Share Acquisition Agreement	Subject to (i) the Target Company's audited net profit for Second Performance Guarantee Year meeting the guaranteed performance target; and (ii) and no material breach by the Transferors has occurred	5% of the Consideration
Fourth	Within thirty (30) Business Days following the expiration of the Third Performance Guarantee Year and the issuance of the audit report required under the Share Acquisition Agreement	Subject to (i) the Target Company's audited net profit for Third Performance Guarantee Year meeting the guaranteed performance target; and (ii) no material breach by the Transferors has occurred	5% of the Consideration
Fifth	Refer to the section headed "Credit Receivable Recovery Guarantee" below	Subject to the cumulative Actual Recovery Amount (as defined below) of the Baseline Credit Receivable (as defined below) meeting the recovery target	15% of the Consideration

Notes:

1. If any scheduled payment date is not a Business Day, such payment shall be made on the next Business Day.

2. Subject to a waiver by the Company in writing, payment for any installment subsequent to the first instalment is conditional upon the Target Company having achieved the recovery target for the cumulative Actual Recovery Amount of the Baseline Credit Receivable or the Undertaken Net Profit (as defined below) or the recovery target for the cumulative Actual Recovery Amount of the Baseline Credit Receivable for the corresponding year of the Performance Guarantee Period, as determined by the annual audit report for such year issued by an audit firm acceptable to the Company.

3. A failure to meet the guaranteed performance target or the recovery target of the Baseline Credit Receivable shall not result in a complete forfeiture of the corresponding installment payment. Instead, in the event of such failure, the Company shall be entitled to adjust (including by way of deduction) the amount of such Installment in accordance with the mechanisms set forth in sections headed "Performance Compensation Mechanism" and "Assessment and Compensation Mechanism for Credit Receivable Recovery" below.

4. The Consideration shall be payable by the Company to CSUDGCL and each Individual Shareholders, respectively, in proportion to their respective equity interests held in the Target Company.

5. Among which, the portion of funds involved in the Subsequent Share Purchase Arrangement (as defined below), i.e., the after-tax cash proceeds equivalent to 50% of the total Consideration payable to the Individual Shareholders to be used to purchase certain number of unlisted shares of the Company held by CSUDGCL, shall be transferred in full into an escrow account (the "**Escrow Account**"), which shall be opened in the name of an authorised person among the Individual Shareholders representing the Individual Shareholders at a commercial bank (the "**Escrow Bank**") to be jointly appointed by the Company and the Transferors.

Performance Guarantee

The Transferors, as the performance guarantors, have jointly and severally undertaken to the Company that, during the Performance Guarantee Period, the audited cumulative net profit of the Target Company, adjusted by deducting the portion of gross profit derived from Non-market-oriented Projects that exceeds 51% of the Target Company's total cumulative gross profit (the "**Actual Net Profit**") shall be no less than RMB24,000,000 (the "**Undertaken Net Profit**").

"Net Profit" shall refer to the net profit after tax and excluding any non-recurring profit or loss, as set out in the consolidated financial statements of the Target Company. The amount shall be determined based on an unqualified audit report issued by an accounting firm qualified to engage in securities and futures related business and acceptable to the Company.

The annual breakdown of the Undertaken Net Profit is as follows:

Performance Guarantee Period	**Undertaken Net Profit** *(RMB'000)*
First Performance Guarantee Year	6,550
Second Performance Guarantee Year	8,000
Third Performance Guarantee Year	9,450
Cumulative Total	**24,000**

Performance Compensation Mechanism

Upon the expiry of the entire Performance Guarantee Period, the Company shall appoint an audit firm to conduct a special audit ("**Specific Audit**") on the cumulative Actual Net Profit of the Target Company for the entire Performance Guarantee Period and issue a specific audit report.

If the cumulative Actual Net Profit of the Target Company during the Performance Guarantee Period is less than the cumulative Undertaken Net Profit, the Transferors shall compensate the Company in cash. The compensation amount shall be calculated as follows:

Cash Compensation Amount = *(Cumulative Undertaken Net Profit – Cumulative Actual Net Profit) ÷ Cumulative Undertaken Net Profit × 15% of the Consideration under the Share Acquisition Agreement.*

The 15% of the Consideration cap on the cash compensation payable under the Performance Compensation Mechanism was arrived at through arm's length negotiations between the Company and the Transferors, having regard to the following:

(i) *Aggregate hold-back proportion.* The parties, through arm's length negotiations, agreed that an aggregate of 30% of the Consideration would be placed at risk under performance- and recovery-linked arrangements (i.e. the Performance Compensation Mechanism and the Credit Receivable Recovery Guarantee Mechanism, taken together).

(ii) *Allocation to the Credit Receivable Recovery Guarantee Mechanism.* Approximately one-half of that aggregate 30% (i.e. approximately 15% of the Consideration) was allocated to the Credit Receivable Recovery Guarantee Mechanism (as defined below), having regard to the level of the Target Company's outstanding payment obligations as at the Baseline Date (as defined below) relative to its available cash resources, which the parties considered should appropriately be covered by this mechanism.

(iii) *Allocation to the Performance Compensation Mechanism.* The remaining balance of the aggregate 30% (i.e. the residual approximately 15% of the Consideration) was correspondingly allocated to the Performance Compensation Mechanism.

The Transferors shall be severally liable for the aforesaid compensation obligation on a pro rata basis in accordance with their respective shareholding percentages in the Target Company as at the date of the Share Acquisition Agreement. In addition, the Individual Shareholders shall be jointly and severally liable to the Company for the portion of the compensation obligation corresponding to their aggregate 49% equity interest in the Target Company.

If, in any year of the Performance Guarantee Period, the Target Company fails to achieve the Undertaken Net Profit for that year, the Company shall have the right, but not the obligation, to suspend payment of all or part of the Consideration corresponding to the Undertaken Net Profit for that year and for any subsequent years of Performance Guarantee Period (the "**Suspended Consideration**"). In the event the Company exercises such right, the Company shall not be obligated to conduct annual settlements at the end of each year of Performance Guarantee Period, but shall be entitled to wait until the expiration of the entire Performance Guarantee Period and the completion of the Specific Audit.

Thereafter, the Company shall calculate the total cash compensation amount due from the Transferors (the "**Total Compensation Amount**") in accordance with the formula set forth above. The Company shall be entitled to directly offset such Total Compensation Amount against the Suspended Consideration.

If the aggregate amount of the Suspended Consideration exceeds the Total Compensation Amount, the Company shall release and pay the remaining balance of the Suspended Consideration to each Transferor in accordance with the payment terms set forth under the section headed "Consideration and payment terms" above (with each Transferor receiving its respective portion calculated by reference to its shareholding ratio in the Target Company as at the date of the Share Acquisition Agreement).

If the Suspended Consideration is insufficient to cover the Total Compensation Amount, the Transferors shall, within thirty (30) days after receipt of a written notice from the Company, pay the shortfall to the Company in cash. Each Transferor shall be severally (but not jointly) liable for such shortfall pro rata to its respective shareholding percentage in the Target Company as at the date of the Share Acquisition Agreement, save that the five Individual Shareholders shall be jointly and severally liable among themselves to the Company for the portion of such shortfall corresponding to their aggregate 49% equity interest in the Target Company. In addition, the Company shall be entitled to (i) continue to suspend payment of, and set off such outstanding shortfall against, any then-unpaid portion of the net-profit-linked consideration tranches payable to the Transferors (it being noted that, under the Share Acquisition Agreement, the suspension, set-off, payment and assessment arrangements applicable to the net-profit-linked consideration tranches and to the receivable-recovery-linked consideration tranche are mutually independent of each other, such that any shortfall arising under this profit-compensation mechanism may not be set off against the receivable-recovery-linked consideration tranche or against any excess-recovery incentive otherwise payable to the Transferors, and vice versa); and (ii) pursue all other rights and remedies available to it under the Share Acquisition Agreement and applicable laws to recover the unpaid shortfall, including claiming compensation for all direct and indirect losses suffered by the Company and/or the Target Company as a result of the Transferors' breach. Save in cases of fraud or wilful concealment, the aggregate liability of the Transferors (on the one hand) to the Company (on the other hand) arising out of or in connection with the Share Acquisition Agreement, including any liability under this profit-compensation and shortfall recovery mechanism, is capped at an amount equal to the Total Consideration. For the avoidance of doubt, under the Share Acquisition Agreement: (i) the Total Compensation Amount shall in any event be capped at 15% of the Consideration (with the specific calculation as set out in the formula contained in the section headed "Performance Compensation Mechanism" above); and (ii) the five Individual Shareholders shall be jointly and severally liable among themselves to the Company for the portion of the shortfall corresponding to their aggregate 49% equity interest in the Target Company, provided that the amount of such joint and several liability shall likewise be capped at 15% of the Consideration.

The Company will comply with the relevant disclosure requirements (including Rule 14A.63 of the Listing Rules) in the event that the cumulative Actual Net Profit of the Target Company during the Performance Guarantee Period falls short of the cumulative Undertaken Net Profit.

External Market Expansion Undertaking

Pursuant to the Share Acquisition Agreement, the Individual Shareholders have jointly and severally undertaken to the Company that, during the Performance Guarantee Period, the cumulative sales revenue generated from Market-oriented Projects (excluding loss-making projects) achieved by the Target Company (the "**Actual External Expansion Performance**") shall be no less than RMB150,000,000 (the "**Guaranteed External Expansion Performance**"). The Actual External Expansion Performance shall be determined based on the amounts confirmed in the standard unqualified annual audit reports and special audit report issued by an audit firm acceptable to the Company.

Upon the expiration of the Performance Guarantee Period, the audit firm shall conduct a special audit on the Actual External Expansion Performance and issue a report. If the cumulative Actual External Expansion Performance is lower than the cumulative Guaranteed External Expansion Performance, the Individual Shareholders shall compensate the Company in cash in proportion to their respective equity interests in the Target Company held as at the date of the Share Acquisition Agreement. The compensation amount shall be calculated as follows:

Cash Compensation Amount = *(Guaranteed External Expansion Performance – Actual External Expansion Performance) ÷ Guaranteed External Expansion Performance × 15% of the total Consideration payable to the Individual Shareholders*

Any compensation amount payable shall be deducted on a priority basis from the Consideration not yet paid to the Individual Shareholders; any shortfall shall be paid by the Individual Shareholders to the Company in cash within 30 days after receiving a written notice from the Company.

Such compensation obligation is without prejudice to any other liabilities the Individual Shareholders may incur for other breaches of the Share Acquisition Agreement.

Credit Receivable Recovery Guarantee

In addition to the Performance Guarantee, the Transferors have, pursuant to the Share Acquisition Agreement, undertaken to the Company to guarantee the recovery of the net amount of the credit receivable of the Target Company as at 30 June 2025 (the "**Baseline Date**") (including accounts receivable and contract assets), which amounts to RMB124,268,108.16 (the "**Baseline Credit Receivable**").

The parties to the Share Acquisition Agreement agreed that payment of the portion of the Consideration corresponding to the recovery of Credit Receivable as at the Baseline Date (being the fifth payment installment, representing 15% of the total Consideration) (the "**Credit Receivable Recovery Consideration**") shall be subject to the actual amount recovered for the Baseline Credit Receivable as at the Baseline Date (the "**Actual Recovery Amount**").

The Company shall not be obliged to pay any Credit Receivable Recovery Consideration until the cumulative Actual Recovery Amount of the Baseline Credit Receivable reaches the difference between the net value of the Baseline Credit Receivable and 15% of the total Consideration (the "**Payment Threshold Amount**"). When the cumulative Actual Recovery Amount exceeds the Payment Threshold Amount, the Company shall commence payment of the Credit Receivable Recovery Consideration, the amount of which shall be calculated as the difference between the cumulative Actual Recovery Amount and the Payment Threshold Amount, provided that the total aggregate payment shall be capped at 15% of the total Consideration.

Excess Recovery Incentive

In consideration of the Transferors' undertakings to facilitate the collection of receivables, the parties agree that in the event the cumulative Actual Recovery Amount of the Credit Receivable as at the Baseline Date exceeds RMB124,268,108.16, the Company shall pay to the Transferors an incentive equivalent to 60% of such excess amount attributable to projects that were fully completed as at the Baseline Date (the "**Excess Recovery Incentive**").

Should such excess recovery necessitate payments to suppliers exceeding the accounts payable recorded as at the Base Date, the Excess Recovery Incentive shall be calculated in accordance with the following formula:

Excess Recovery Incentive = *(Excess Recovery Amount – Increased Accounts Payable) × 60%*

The parties to the Share Acquisition Agreement agreed that the aforementioned aggregate amount of the Excess Recovery Incentive payable by the Company shall in no event exceed a maximum amount (the "**Incentive Cap**"), which shall be calculated in accordance with the following formula:

Incentive Cap = *(Original Value of Credit Receivable for the 100% Completed Projects − Baseline Credit Receivable) × 60%*

The "Original Value of Credit Receivable for the 100% Completed Projects" shall be determined by reference to the credit receivable of list of project agreed in the Share Acquisition Agreement, i.e., RMB125,851,133.55. Any amount calculated in excess of the Incentive Cap in accordance with the formula above shall not be payable by the Company.

Duration of Assessment

The obligations to pay the Credit Receivable Recovery Consideration and the Excess Recovery Incentive shall survive the expiry of the Performance Guaranteed Period and shall remain in effect until the Baseline Credit Receivable as at the Baseline Date have been fully settled.

Final settlement

Upon the expiry of each financial year, the Company shall appoint an independent audit firm to conduct a special audit to verify and confirm the cumulative Actual Recovery Amount of the Baseline Credit Receivable for the respective financial year. Within sixty (60) Business Days following the issuance of the special audit report concerning the recovery status of the Baseline Credit Receivable, the Company shall calculate and pay the Credit Receivable Recovery Consideration payable for the corresponding period (being the balance of the cumulative payable amount after deducting any amounts paid in previous years) and/or the Excess Recovery Incentive payable for the corresponding period, as applicable.

Conditions Precedent

Unless otherwise agreed in writing by the parties to the Share Acquisition Agreement, Completion shall take place on the Completion Date and shall be conditional upon the following Conditions being satisfied or waived (where applicable) by the Company on or before the Long Stop Date, or such later date as may be agreed in writing by the parties:

(a) the representations and warranties made by the Transferors under the Share Acquisition Agreement remaining true, accurate, and complete in all material respects upon the Completion Date;

(b) the Transferors having performed and complied with all agreements and obligations required to be performed by them under the Share Acquisition Agreement on or before the Completion Date;

(c) all necessary governmental and regulatory approvals, filings, and registrations in connection with the Acquisition having been obtained (if applicable)[Note];

(d) the Company having obtained the approval from the Independent Shareholders at the ESM for the Acquisition and the transactions contemplated thereunder as required by the Listing Rules;

(e) the Company having obtained the approval from Shareholders by way of ordinary resolution at the general meeting of the Company regarding the change in use of proceeds for the purpose of funding the Acquisition;

(f) the key technical personnel of the Target Company, as identified in the schedule attached to the Share Acquisition Agreement, having entered into new employment contracts and non-disclosure and non-competition agreements with the Target Company for a term of no less than three years commencing on the Completion Date;

(g) during the six-month period prior to the Completion Date, there having been no material adverse change in the business, assets, financial condition, operations or prospects of the Target Company;

(h) all of the Individual Shareholders shall have duly executed a share transfer agreement (the "**Share Transfer Agreement**") with CSUDGCL in relation to the Subsequent Share Purchase Arrangement (as defined below);

(i) the escrow agreement shall have been duly executed by and among the Transferors and the Escrow Bank, and the Escrow Account to be established pursuant to such agreement shall have been opened and be fully operational; and

(j) the Transferors having delivered all necessary completion documents to the Company.

Note: To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the governmental and regulatory approvals, filings and registrations referred to in paragraph (c) above include, but are not limited to, the internal review and decision-making of CSUDGCL, the registration/change of state-owned property rights, and the change registration with the administration for market regulation.

As at the Latest Practicable Date, save for the Condition set out in paragraph (f) above which has been fulfilled, none of the remaining Conditions has been fulfilled.

If any of the Conditions are not satisfied or waived by the Company on or before the Long Stop Date (or as extended), the Company shall be entitled to terminate the Share Acquisition Agreement by giving written notice to the Transferors, in which case the Share Acquisition Agreement shall cease to have any effect and neither party shall have any further obligations or liabilities thereunder, save for any antecedent breaches of the Share Acquisition Agreement.

The Subsequent Share Purchase Arrangement

Pursuant to the Share Acquisition Agreement, each of the Individual Shareholders has agreed that, following receipt of the first installment of the Consideration, he/she shall apply an amount of after-tax cash equal to fifty percent (50%) of his/her respective pro-rata share of the total Consideration payable to the Individual Shareholders under the Share Acquisition Agreement to purchase certain Unlisted Shares of the Company from CSUDGCL (the "**Sale Shares**"), pursuant to a separate share transfer agreement to be entered into among CSUDGCL (as transferor), the Individual Shareholders (as transferees) and the Company (the "**Share Transfer Agreement**", and the transactions contemplated thereunder, the "**Subsequent Share Purchase Arrangement**").

The execution of the Share Transfer Agreement among CSUDGCL, the Individual Shareholders and the Company is a Condition Precedent to Completion under the Share Acquisition Agreement. In order to safeguard the implementation of the Subsequent Share Purchase Arrangement, the after-tax cash proceeds equivalent to 50% of each Individual Shareholder's pro-rata share of the total Consideration (such 50% forming part of the first installment of 70% of each Individual Shareholder's pro-rata share of the total Consideration payable on the Completion Date, with the remaining 20% to be paid to the Individual Shareholders in the manner as prescribed in the Share Acquisition agreement) shall be transferred directly into the Escrow Account opened in the name of an authorised representative of the Individual Shareholders at the Escrow Bank, and may only be applied for settling the consideration payable by the Individual Shareholders to CSUDGCL under the Share Transfer Agreement. The principal terms of the Share Transfer Agreement are summarised below.

Principal terms of the Share Transfer Agreement

Parties

(i) CSUDGCL (as transferor);

(ii) each of the Individual Shareholders, namely Mr. Liu Junqing, Mr. Yang Guanzhong, Ms. Yang Hong, Ms. Yang Yujuan and Mr. Tang Weiping (collectively as transferees); and

(iii) the Company (as the issuer of the Sale Shares).

Subject matter

CSUDGCL and the Company have agreed to transfer to the Individual Shareholders, and the Individual Shareholders have agreed to acquire from CSUDGCL, a portion of the Unlisted Shares of the Company held by CSUDGCL (the "**Sale Shares**"). The exact number of the Sale Shares shall be finalised in the Share Transfer Agreement upon its execution.

Pricing basis and transfer price

The unit transfer price for the Sale Shares was determined with reference to (i) the valuation basis and commercial consideration arrangements agreed under the Share Acquisition Agreement; and (ii) the average closing price of the H Shares on the Stock Exchange for the 30 trading days immediately preceding the date of the Share Acquisition Agreement (i.e. the 30 trading days from 3 March 2026 to 16 April 2026 (both dates inclusive), being HK$3.0487 per Share), translated into RMB at the prevailing RMB/HK$ exchange rate.

Source of funds and payment mechanism

The Individual Shareholders have confirmed that the funds applied for the payment of the total transfer price shall be sourced solely from after-tax cash equivalent to 50% of each Individual Shareholder's pro-rata share of the total Consideration payable under the Share Acquisition Agreement.

CSUDGCL, the Individual Shareholders and the Company have agreed that the total transfer price shall be paid through an independent escrow account arrangement, in accordance with the following mechanism: the Company shall, pursuant to the Share Acquisition Agreement, transfer the relevant portion of the cash Consideration payable to the Individual Shareholders into the Escrow Account opened in the name of an authorised representative of the Individual Shareholders, and within three (3) Business Days thereafter, the special-purpose share-purchase funds in an amount equal to the total transfer price shall be remitted from the Escrow Account directly to the designated bank account of CSUDGCL.

Conditions to completion of the Share Transfer Agreement

Completion of the transfer of the Sale Shares shall be conditional upon the satisfaction of all of the following conditions: (i) the Share Transfer Agreement having become legally effective; and (ii) the Individual Shareholders having received the first installment of the cash Consideration under the Share Acquisition Agreement, and the special-purpose share-purchase funds having been deposited into the Escrow Account in accordance with the terms set out above.

Upon satisfaction of the above conditions, the parties shall jointly procure the submission of all legal documents required to effect the registration of the transfer of the Sale Shares to the securities registration and clearing institution of the Company on or before 30 September 2026 (or such later date as the Company (as acquirer) and CSUDGCL (as transferor) may otherwise agree in writing) (the "**STA Long Stop Date**"). The transfer of the Sale Shares shall be regarded as having completed on the later of (i) the date on which the Sale Shares are registered in the names of the Individual Shareholders in the register of members of the Company; and (ii) the date on which the registration of the transfer is completed at the securities registration and clearing institution (the "**Transfer Completion Date**").

Lock-up arrangements

Each of the Individual Shareholder has jointly and severally undertaken that the Sale Shares acquired by him/her under the Share Transfer Agreement shall be subject to a lock-up restriction for a period of 36 months commencing from the completion date of the equity transfer in respect of the Target Company under the Share Acquisition Agreement (the "**Lock-up Period**"). During the Lock-up Period:

(i) no Individual Shareholder may, in any manner, transfer, pledge or entrust to any other person (other than CSUDGCL) the management of, his/her Sale Shares, nor create any form of encumbrance over such Sale Shares, save for the pledge in favour of CSUDGCL described in the paragraph headed "Security pledge over the Sale Shares" below; and

(ii) the Individual Shareholders shall be entitled to receive dividends, bonuses and other proprietary income attributable to the Sale Shares, and the Company shall pay the same to the Individual Shareholders in accordance with the dividend and bonus distribution policy announced by the Company from time to time as applicable to its circulating shareholders.

Security pledge over the Sale Shares

In order to ensure the strict performance by the Individual Shareholders of their obligations under the Share Transfer Agreement, the parties have agreed that, within 15 Business Days following the effective date of the Share Transfer Agreement, the Individual Shareholders shall pledge all of the Sale Shares acquired by them under the Share Transfer Agreement to CSUDGCL, as security for the performance of such obligations. The parties shall enter into a separate share pledge agreement and shall jointly procure the registration of the pledge with the securities registration and clearing institution. The pledge shall be released upon expiry of the Lock-up Period, provided that no event of default by any Individual Shareholder has occurred during the Lock-up Period.

Effect of the Subsequent Share Purchase Arrangement on the shareholding structure of the Company

Pursuant to the Share Transfer Agreement, (i) the funds to be applied by each Individual Shareholder are limited to 50% of the after-tax cash consideration to which he/she is entitled under the Share Acquisition Agreement; and (ii) the number of Sale Shares is derived by dividing that amount by the unit transfer price (referenced to the 30-trading-day average closing price of the H Shares of HK$3.0487, translated into RMB at the prevailing RMB/HK$ exchange rate). Accordingly, the exact number of Sale Shares cannot be definitively ascertained as at the Latest Practicable Date because (a) the tax payable by each Individual Shareholder is not yet fixed; and (b) the applicable RMB/HK$ exchange rate will only be determined at the relevant time.

For illustrative purposes only, the most conservative basis has been adopted, assuming that no tax is payable (so that the full 50% of the consideration is applied to acquire Sale Shares) and applying an illustrative exchange rate of HK$1 = RMB0.88050, on which basis the unit transfer price is RMB2.6844 (rounded up to RMB2.69 per Sale Share). The figures below are also based on the 160,000,000 Shares in issue (comprising 120,000,000 Unlisted Shares and 40,000,000 H Shares) as at the Latest Practicable Date.

(a) Funds applied and Sale Shares acquired (illustrative)

Individual Shareholder	Stake in Target Company	Consideration	50% applied	Sale Shares
		(RMB)	*(RMB)*	*(illustrative)*
Mr. Liu Junqing	12.8%	6,341,568	3,170,784	1,178,730
Mr. Yang Guanzhong	12.4%	6,143,394	3,071,697	1,141,894
Ms. Yang Hong	12.4%	6,143,394	3,071,697	1,141,894
Ms. Yang Yujuan	8.2%	4,062,567	2,031,284	755,124
Mr. Tang Weiping	3.2%	1,585,392	792,696	294,682
Total	**49%**	**24,276,315**	**12,138,158**	**4,512,324**

(b) Shareholding position before and after the transfer (illustrative)

Shareholder	**As at the Latest Practicable Date** *(Shares)*	**Approx. % of total issued Shares**	**After the transfer** *(Shares)*	**Approx. % of total issued Shares**
CSUDGCL (Beneficial owner and interest held by a controlled corporation)	120,000,000 (Unlisted Shares)	75.00	115,487,676 (Unlisted Shares)	72.18
Individual Shareholders (Aggregate)	–	–	4,512,324 (Unlisted Shares)	2.82
Other H Shareholders	40,000,000 (H Shares)	25.00	40,000,000 (H Shares)	25.00
Total	**160,000,000**	**100.00**	**160,000,000**	**100.00**

The figures above are illustrative only and are subject to rounding, as well as to the assumptions set out above regarding the after-tax basis and the applicable RMB/HK$ exchange rate. The exact number of Sale Shares to be acquired by each Individual Shareholder, and the resulting shareholding structure of the Company, will be determined upon execution of the Share Transfer Agreement and will be disclosed by the Company by way of supplementary information in the completion announcement of the Acquisition.

Relationship with the Share Acquisition Agreement

The Share Transfer Agreement is a stand-alone legal document independent of the Share Acquisition Agreement. The formation, effectiveness, performance, interpretation and consequences of breach of the Share Transfer Agreement shall be determined independently of the Share Acquisition Agreement. As a matter of commercial sequencing, however, the performance of the Share Transfer Agreement is contingent upon the payment of certain Consideration tranches under the Share Acquisition Agreement. The Share Transfer Agreement shall become legally effective upon due execution by all parties and shall take effect concurrently with the Share Acquisition Agreement.

The Subsequent Share Purchase Arrangement has been structured as an integral component of the Acquisition in order to align the economic interests of, and provide a continuing performance incentive to, the Individual Shareholders (being the original shareholders and core management members of the Target Company) throughout the Performance Guarantee Period.

As described in the section headed "*Performance Compensation Mechanism*" in the Letter from the Board, the Transferors are required to compensate the Company in cash if the cumulative Actual Net Profit of the Target Company falls short of the cumulative Undertaken Net Profit during the Performance Guarantee Period. By giving the Individual Shareholders, who are best placed to drive the operational performance of the Target Company, a continuing direct stake in the future performance of the Target Company, the Subsequent Share Purchase Arrangement incentivizes them to procure that the Target Company meets, and where possible exceeds, the Undertaken Net Profit, to the benefit of the Group.

Completion

Subject to the satisfaction or waiver (where applicable) of all Conditions, the Company shall, within 30 Business Days, deliver a written notice to the Transferors (the "**Completion Notice**").

On the Completion Date, the parties shall perform the closing obligations which include, among others: (i) the delivery by the Transferors and the Company to each other of all necessary and duly executed original documents as required by applicable laws and regulations for the purpose of the Acquisition; (ii) the submission of all necessary application documents to the competent market supervision authority to register the transfer of the entire equity interest in the Target Company to the Company; and (iii) procuring the Target Company to amend and file its articles of association.

Upon the satisfaction and/or waiver (where applicable) by the Company of all Conditions Precedent, Completion shall take place on a date within 15 Business Days following the issuance of the Completion Notice, or on such other date as the parties may mutually agree in writing. The date on which the Completion occurs shall be the completion date (the "**Completion Date**").

6. Analysis on the fairness and reasonableness of the Consideration

As stated in the Letter from the Board, the Consideration was determined after arm's length negotiations between the Company and the Transferors, and was determined with reference to, amongst others, the preliminary appraised value of the entire equity interest in the Target Company as at 30 June 2025 by the Independent Valuer of RMB49,543,500 by using asset-based approach.

Suitability of the Independent Valuer

We have reviewed the Valuation Report and the relevant valuation workings provided by the Independent Valuer and interviewed the relevant team members of the Independent Valuer with particular attention to: (i) the terms of engagement of the Independent Valuer with the Company; (ii) the qualifications and experience of the Independent Valuer; and (iii) the steps and due diligence measures taken by the Independent Valuer in performing the business valuation on the Target Company (the "**Business Valuation**"). After our review of the engagement letter between the Company and the Independent Valuer, we are satisfied that the scope of work performed by the Independent Valuer is appropriate to perform the Business Valuation. We are not aware of any limitation on the scope of work which might have a negative impact on the degree of assurance given by the Independent Valuer. The Independent Valuer has confirmed that it is independent from the Company, the Target Company and the Transferors and their respective related persons. We further understand that the Independent Valuer is certified with the relevant professional qualifications required to perform the Business Valuation. The person-in-charge of the Business Valuation has over 27 years of experience in conducting business valuation, to a wide range of clients in different industries. We also note that the Independent Valuer mainly conducted its due diligence through on line and off line interviews, discussions with the Target Company's management, technical personnel and conduct its own proprietary research and has relied on publicly available information obtained through its own research as well as the financial information and data provided by the management of the Company and the Target Company in accordance with the information request list prepared by the Independent Valuer. The Independent Valuer has also verified and checked the information provided by the Company and the Target Company, and further communicate with them to resolve where any issues or discrepancies were identified during the course of the Business Valuation. We understand from the Independent Valuer that site visit and on-site investigation are also carried out with the purpose to conduct verification on the relevant assets involved in the Business Valuation, all of which are well documented in the site investigation working paper prepared by the Independent Valuer.

In light of the above, we are not aware of any matters that would cause us to question the Independent Valuer's expertise and independence and we consider that the Independent Valuer has sufficient expertise and is independent to perform the Business Valuation.

Valuation methodology

We understand that the common valuation approaches include asset-based approach (i.e. cost approach), market approach and income approach. Asset-based approach provides an indication of value by aggregating the market values of the subject company's assets and liabilities. Market approach provides an indication of value by comparing the asset with identical or comparable assets for which price information is available. Income approach provides an indication of value by converting future economic benefits to a present value. During our review of the Valuation Report and according to our discussion with the Independent Valuer, in performing the Business Valuation, the Independent Valuer has considered all three generally accepted approached to appraise the market value of the entire equity interest of the Target Company. As advised by the Independent Valuer, the market approach was not adopted for this valuation. This was primarily because there were few listed companies or transaction cases in the public market that were sufficiently comparable to the Target Company in terms of business scope, scale, and operating model, making it difficult to find appropriate comparables and ensure a reliable valuation outcome, the Independent Valuer is of the view that the market approach could not provide a meaningful conclusion on the valuation.

As stated in the Letter from the Board, the Independent Valuer conducted valuations using both the income approach and the asset-based approach. After a comprehensive analysis, the Independent Valuer adopted the result from the asset-based approach as the final valuation conclusion on the basis that (i) the entire equity interest of the Target Company is to be valued on the premise of continued use, with profitability commensurate with its replacement cost; (ii) the Target Company has sound accounting and management systems in place, such that the quantity of its assets can be reliably determined from its financial and construction data and verified through on-site investigation; (iii) the industry in which the Target Company operates is sufficiently mature for the replacement cost of the relevant assets to be readily obtained; (iv) the newness rate of the Target Company's assets can be reasonably estimated by reference to their economic useful life and actual, functional and economic depreciation; and (v) the Target Company's assets and liabilities can be individually identified, allowing appropriate valuation methods to be selected at the asset and liability level. The key reason for this selection is that the income approach relies on forecasting future financial performance; however, the Target Company's future profitability is subject to uncertainties, including the need for substantial working capital for projects, the stability of its business sources (which are mainly derived from government entities and may be subject to policy changes), and the stability of its core technical team. Given these uncertainties, the Independent Valuer concluded that the asset-based approach, which reflects the current fair value of the Target Company's individual assets and liabilities, provides a more prudent and accurate representation of the Target Company's value at the Valuation Reference Date. The asset-based approach determines the value of a business by assessing the fair value of its individual assets and liabilities. The value of the entire equity interest is calculated by subtracting the appraised value of total liabilities from the appraised value of total assets.

We have also understood from the Independent Valuer that due to the source of income is mainly derived from government entities and maybe subject to government policies. Considering the Target Company as a project-based company, the underlying projects are not of a recurrent nature and therefore its future income is unpredictable, thereby affecting the reliability of the result driven from the income approach.

As discussed with the Independent Valuer, the Independent Valuer considers that the asset-based approach to be the most appropriate valuation approach for valuing the entire equity interest in the Target Company as the Target Company is a capital-intensive in nature, the fixed assets of which include building and housing, office equipment and machine equipment. The asset-based approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital. In particular, the equity value of the valuation subject is arrived at by summing up the appraised values of each component asset forming the enterprise and then deducting the appraised values of its liabilities. In simpler terms, the asset-based approach values each item of the business entity's asset and liability with the end result being the appraised NAV of such business entity.

As stated in the Valuation Report, we understand that as the intellectual property rights, including invention patents, utility model patents, design patents, and software copyrights, related to the Smart Traffic Signal* (智慧交通信號) project under the name of the Target Company, are still in the early R&D stage as of the Valuation Reference Date and it is expected that the project will be difficult to develop into a product or business in the near future whereby the possibility of generating revenue is relatively remote. The Target Company and its related parties have not declared or confirmed these intangible assets, and therefore they are not included in the scope of the Valuation. We further understand from the Independent Valuer that in relation to the commercial buildings, the Independent Valuer adopted the income capitalisation approach by capitalising the rental derived from the existing tenancies with due provision of the reversionary rental potential of the properties. Income capitalisation approach is a commonly used method for valuing commercial properties, which takes into account the current tenancy details of the leased properties in the valuation. This approach estimates the values of the properties on a market basis, by capitalising the existing rental of all lettable units of each of the properties for the respective unexpired terms of contractual tenancies; whilst vacant units are assumed to be let at their respective market rents as at the Valuation Reference Date. The Independent Valuer has valued the property under the basis of going concern, and the Independent Valuer has adopted income capitalisation approach by making reference to its historical performance of the past years. During the course of the Property Valuation, the Independent Valuer has relied on the operating income generated from the operation during corresponding periods and made reference to the required rate of return of similar form of investment, we consider that the adoption of income capitalisation approach specifically for the commercial buildings is justifiable.

Details of the Valuation under asset-based approach

Based on the Valuation Report and our discussion with the Independent Valuer, in determining the valuation of the assets and liabilities of the Target Company, the Independent Valuer has considered the specific valuation approach applicable to each of the assets and/or liabilities under appropriate specific circumstances. As confirmed by the Independent Valuer, the appraisal methodologies of assets and liabilities are consistent with normal market practice. We have also reviewed the Valuation Report and the interim audit report for the six months ended 30 June 2025 of the Target Company and discussed with the Independent Valuer details of asset-based approach valuation, details are summarised as below:

Unit: RMB

Item	Carrying Value	Book value	Discrepancies
I. Total current assets	**129,523,345.95**	**129,523,345.95**	
Monetary funds	2,578,035.75	2,578,035.75	Nil
Bills receivable	24,799.90	24,799.90	Nil
Accounts receivable	38,233,417.11	38,233,417.11	Nil
Prepayments	964,316.94	964,316.94	Nil
Other receivables	1,410,051.19	1,410,051.19	Nil
Inventories	170,653.92	170,653.92	Nil
Contract assets	86,034,691.05	86,034,691.05	Nil
Other current assets	107,380.09	107,380.09	Nil
II. Total non-current assets	**39,056,743.79**	**39,056,743.79**	
Fixed assets	21,613,997.00	21,613,997.00	Nil
Intangible assets	14,346,388.29	14,346,388.29	Nil
Deferred income tax assets	3,096,358.50	3,096,358.50	Nil
III. Total assets	**168,580,089.74**	**168,580,089.74**	

Item	Carrying Value	Book value	Discrepancies
IV. Total current liabilities	**115,480,128.54**	**115,480,128.54**	
Short-term borrowings	5,200,000.00	5,200,000.00	Nil
Accounts payable	104,693,112.16	104,693,112.16	Nil
Employee benefits payable	2,523,364.89	2,523,364.89	Nil
Tax payable	2,011,838.29	2,011,838.29	Nil
Other payables	319,813.20	319,813.20	Nil
Non-current liabilities due within one year	732,000.00	732,000.00	Nil
V. Total non-current liabilities	**4,048,195.40**	**4,048,195.40**	
Long-term borrowings	3,081,000.00	3,081,000.00	Nil
Deferred income	967,195.40	967,195.40	Nil
VI. Total liabilities	**119,528,323.94**	**119,528,323.94**	

1. Monetary funds

We have cross-checked against the interim report of the Target Company and noticed that monetary funds consist of bank deposits. As confirmed with the Independent Valuer, for monetary funds, the appraised value is determined by their verified book value.

2. Bills receivable, accounts receivable, and other receivables

We have cross-checked against the interim report of the Target Company and noticed that receivables category consists of bank acceptance notes, commercial acceptance notes, receivables for construction and reserve funds. As confirmed with the Independent Valuer, for notes receivable, accounts receivable, and other receivables, the Independent Valuer determined the appraised value according to the potentially recoverable amount of each payment after deducting the assessment risk losses.

3. Prepayments

We have cross-checked against the interim report of the Target Company and noticed that receivables category consists of prepayment for equipment and construction. As confirmed with the Independent Valuer, for prepayments, the valuer checked relevant purchase contracts or supply agreements to understand the services and goods received between the Valuation Reference Date and the on-site verification date. If the supplier is not found to be bankrupt, revoked or unable to provide goods or labor services on schedule as stipulated in the contract, the verified book value shall be taken as the appraised value.

4. Inventory

As confirmed with the Independent Valuer, for inventory, the Independent Valuer investigated the market price as at the Valuation Reference Date. Most of the raw materials were recently purchased, and their book value per unit approximated to their market selling prices as at the Valuation Reference Date, thus the book values of raw materials after verification were taken as appraised values.

5. Fixed assets – equipment

As confirmed with the Independent Valuer, for fixed assets of equipment, the statements were consistent with those listed in the account books after verifying against the electronic breakdown table submitted by the enterprise. At the same time, we were given to understand that the ownership was recognized after examining and verifying related contracts, legal ownership certificates and accounting documents. On this basis, the Independent Valuer conduct necessary on-site investigation and verification of the equipment subject to valuation.

6. Fixed assets – buildings

As discussed with the Independent Valuer, for Fixed assets – buildings, the Independent Valuer has adopted the income approach. The income approach represents a valuation method in which the future normal net income of the valuation subject is estimated by discounting such net income to the point in time of the valuation using an appropriate capitalization rate, and subsequently accumulating it to arrive at an objective and reasonable price of the valuation subject.

7. Intangible assets

We are given to understand that the Independent Valuer examined relevant documents, contracts, and supporting evidence, and reviewed the amortization methods and carrying values of the intangible assets. As confirmed with the Independent Valuer, for Intangible assets, the appraised value is determined based on the verified book amortized value.

8. Liabilities

As confirmed with the Independent Valuer, for Liabilities, Liabilities mainly include current liabilities and long-term liabilities. We are given to understand that the Independent Valuer reviews and verifies the liabilities of the enterprise and, upon verification, the amount of liabilities actually required to be borne by the enterprise as at the Valuation Reference Date will be taken as the appraised value of the liabilities.

Having discussed with the Independent Valuer and reviewed with them the reasons for adopting the various valuation methodologies, the bases and assumptions used for the Valuation and the valuation result, we are of the view that the chosen valuation methodologies, bases and assumptions in establishing the appraised value as at the Valuation Reference Date are in line with the industry practice and we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the asset-based approach valuation. Accordingly, we considered it appropriate to refer to the independent valuation conducted by the Independent Valuer in respect of the appraised value of Target Company. In light of the above, we are of the view that the consideration of the Acquisition which is determined with reference to the appraised value of the Target Company as appraised by the Independent Valuer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conclusion

Based on the Asset Valuation Report, the Independent Valuer is of the opinion that the appraised value of the entire shareholders' equity in Target Company as at the Valuation Reference Date is RMB49,543,500. The consideration of RMB49,543,500 is generally at par to the appraised value of the Target Company. Having considered that (i) the asset-based approach valuation was performed by the Independent Valuer in accordance with various requirements/standards; (ii) the Independent Valuer has considered the applicable valuation methodologies taking into account the nature of the subject assets/ liabilities; and (iii) the appraisal methodologies of assets and liabilities are consistent with normal market practice, we consider that the valuation methodologies adopted by the Independent Valuer in assessing Target Company's assets and liabilities are fair and reasonable. Having discussed with the Independent Valuer and reviewed with them the reasons for adopting the various valuation methodologies, the bases and assumptions used for the Valuation and the valuation result and reviewed the entire Asset Valuation Report, we concur with the Independent Valuer that the chosen valuation methodologies, bases and assumptions in establishing the appraised value as at the Valuation Reference Date are in line with the industry practice. In assessing the fairness of the consideration, we consider it is appropriate to refer to the independent valuation conducted by the Independent Valuer in respect of the appraised value of Target Company.

7. Peer analysis

As stated in the Letter from the Board, the Target Company is principally engaged in the business of software and information technology services, including intelligent systems engineering design, construction, operation and maintenance; smart city construction and operation; as well as intelligent system integration and software research and development.

To assess the fairness and reasonableness of the Consideration, we have compared the implied price-to-earnings multiple (“**P/E Multiple**”) of the Consideration against those of the Industry Comparables (as defined below). Given the fact that (i) despite the Target Company is making a loss of approximately RMB436,000 for the year ended 31 December 2024 and a profit of approximately RMB593,000 for the year ended 31 December 2025 and is still not yet at a developed stage as at the Latest Practicable Date, the financial performance of the Target Company is expected to become stable and make a profit in each of the fiscal year during the Performance Guarantee Period; (ii) the Transferors, as the performance guarantors, have jointly and severally undertaken to the Company that, during the Performance Guarantee Period, the audited cumulative net profit of the Target Company shall be no less than RMB24,000,000, thus we have adopted the P/E multiple to analyse the company which has a track record of generating profits; and (ii) the principal business activities of the Target Group.

In this regard, we have identified, based on the information extracted from the Stock Exchange and having applied the selection criteria set out below, a list of comparable companies (the “**Industry Comparables**”) where:

(i) they are currently listed on the Main Board of the Stock Exchange;

(ii) they are principally engaged in the provision of general business of software and IT services to enterprises, such enterprises having passed the early development stage; and

(iii) they had positive earnings in the latest financial year.

Based on the above selection criteria, set out below are seven (7) Industry Comparables together with the relevant P/E Multiples, the information of which we consider, to the best of our knowledge and ability, to be fair and representative sample for the purpose of arriving at a meaningful comparison to the Consideration. Shareholders should note that the principal businesses coverage, market capitalisations, profitability and financial positions of the companies in relation to the Industry Comparables may not be similar to those of the Company, and we have not conducted any in-depth investigation into respective businesses and operations of such companies. As the Industry Comparables can provide a general reference and usual market valuation for these similar types of companies under the current market conditions in Hong Kong, we consider, to the best of our knowledge and ability, that the Industry Comparables are fair and indicative in assessing the fairness and reasonableness of the Consideration.

Table 5: List of Industry Comparables

Company name	Stock code	Principal business activities	Market capitalisation as at the date of the Announcement *(HK$' million)*	P/E Multiple *(x)*
Chinasoft International Limited	354.HK	The principal activities of the company and its subsidiaries are development and provision of IT solutions services, IT outsourcing services and training services.	10,109	28.41
Edianyun Limited	2416.HK	The company and its subsidiaries are principally engaged in providing office IT integrated solution to small-and medium-sized enterprises in the PRC.	2,169	15.16
BoardWare Intelligence Technology Limited	1204.HK	The group is principally engaged in the provision of professional IT Services, managed services, IT equipment leasing, IT maintenance and consultancy services, as well as distribution and resale of packaged hardware and software.	900	110.55 *(Note 1)*
Maiyue Technology Limited	2501.HK	The principal activities of the group are the provision of integrated IT solution services, sales of hardware and software and providing warranty, upgrade, technical guidance and maintenance service for customers in the PRC. The group has also diversified into sectors such as smart cities and computing power.	565	94.37 *(Note 1)*
Microware Group Limited	1985.HK	The group is principally engaged in the provision of IT infrastructure solutions services and IT managed services in Hong Kong and China. The Group strives to provide one-stop IT experience which begins with (i) consultation and advice; (ii) semiconductor products, hardware and/or software procurement; (iii) implementation; and (iv) management and maintenance of the IT infrastructure solutions.	426	52.23

Company name	Stock code	Principal business activities	Market capitalisation as at the date of the Announcement *(HK$' million)*	P/E Multiple *(x)*
Computer And Technologies Holdings Limited	46.HK	The group was involved in the following principal activities: (i) provision of enterprise application software and e-business services for enterprises including the provision of enterprise application software (including software as a services product offering) with implementation and ongoing support services, the government electronic trading services, cloud services and other related value-added services; (ii) provision of IT solutions implementation and application software development (including software as a services product offering), provision of IT and related operation/infrastructure outsourcing services, and provision of IT systems and network infrastructure with related design, implementation and ongoing support services. The group's solution services business aims to enhance its involvement in innovation, technology development, and smart city initiatives of the Hong Kong government; and (iii) property and treasury investments.	298	10.32
Vongroup Limited	318.HK	The principal activity of the company is investment holding. The principal activities of the group comprise technology businesses, property businesses and financial services businesses.	184	11.56
			Maximum	**52.23**
			Minimum	**10.32**
			Average	**23.54**
			Median	**15.16**
Target Company		Based on the average of the Undertaken Net Profit of approximately RMB24.0 million for the Performance Guarantee Period		6.18 *(Note 2)*

Source: website of the Stock Exchange

Notes:

1. The P/E Multiples of BoardWare Intelligence Technology Limited (stock code: 1204) and Maiyue Technology Limited (stock code: 2501) have been excluded from the computations of maximum, minimum, average and median figures as they appear to be abnormally high as compared to the rest of the Industry Comparables and are considered as outliers which may skew the overall results.

2. The implied P/E Multiples of approximately 6.18 times is calculated by dividing the Consideration of approximately RMB49.5 million by the average of the Undertaken Net Profit of approximately RMB24.0 million for the Performance Guarantee Period.

As illustrated in the table above, the P/E Multiples of the Industry Comparables ranged from approximately 10.32 times to approximately 52.23 times while the average and median P/E Multiples are approximately 23.54 times and 15.16 times respectively.

Given that the Target Company is making a loss of approximately RMB436,000 for the year ended 31 December 2024 and a profit of approximately RMB593,000 for the year ended 31 December 2025, and the Transferors have jointly and severally undertaken to the Company shall be no less than the Undertaken Net Profit, we thus are of the view that the Implied P/E Multiple is appropriate to assess the fairness and reasonableness of the Consideration. The Implied P/E Multiple of approximately 6.18 times is and significantly lower than the average, median, and also below the minimum of the P/E Multiples of the Industry Comparables. Given the fact that the Implied P/E Multiple of approximately 6.18 times is significantly below the average and median as well as lower than the minimum of the Industry Comparables, we consider that the Consideration to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

8. Comparison of the considerations of the Previous Acquisition and the Acquisition

We draw the Independent Shareholders' attention to the fact that the consideration of RMB21.93 million for the Previous Acquisition (i.e. for the 51% issued share capital of the Target Company) reflected an implied valuation on the entire issued share capital of the Target Company of approximately RMB43.0 million, whereas the Consideration of RMB49.5 million for the entire equity interest of the Target Company under the Acquisition reflects a valuation with the same amount as RMB49.5 million. As a result, the Consideration is therefore representing approximately 15.1% premium to the then implied valuation on the entire issued share capital of the Target Company. Such discrepancy in considerations is considered reasonable based on the fact that the Target Company reported a loss after tax of approximately RMB0.4 million for FY2024 and has turnaround into a profit after tax of approximately RMB0.6 million for FY2025, showcased a significant improvement with a growth of approximately 150% as compared to the previous financial year. Furthermore, as discussed in the above section headed "6. Analysis on the fairness and reasonableness of the Consideration", the Consideration of RMB49.5 million is at par to the appraised value, and the fact that the Implied P/E of approximately 6.18 times is significantly lower than the average, median as well as falling under the minimum of the P/E Multiples of the Industry Comparables. Thus, we are of the view that the consideration of the Acquisition is fair and reasonable as compared to the Previous Acquisition.

9. Financial effects of the Acquisition

Following Completion, the Target Company will become a wholly-owned subsidiary of the Company. As such, the operating results and the financial position of the Target Company, will be consolidated into the financial statements of the Group.

Earnings

According to the 2025 Annual Results Report, the Group recorded revenue of approximately RMB674.7 million and profit attributable to the shareholders of the Company was approximately RMB74.4 million for FY2025 respectively. Based on the management accounts of the Target Company, the audited revenue of the Target Company for FY2025 was approximately RMB80.2 million. Upon Completion, the Target Company will become a wholly owned subsidiary of the Group and the financial result of the Target Company will be consolidated into the consolidated financial statements of the Group. It is expected that the Company will be able to record additional revenue from the Target Company upon Completion. As set out in the above subsection headed "Performance Guarantee", the Undertaken Net Profit is amounted to approximately RMB6.55 million, RMB8.00 million and RMB9.45 million for the First Performance Guarantee Year, Second Performance Guarantee Year and Third Performance Guarantee Year respectively, in the event that the Undertaken Net Profit for each financial year during the Performance Guarantee Period has been successfully achieved by the Target Company, the earnings of the Group will be positively impacted in the same manner.

NAV

According to the 2025 Annual Results Report, the Group's audited net asset value was approximately HK$412.2 million as at 31 December 2025. Since the Group intends to finance the Consideration by internal resources, there will not be any significant adverse impact on the NAV of the Group immediately following the Completion.

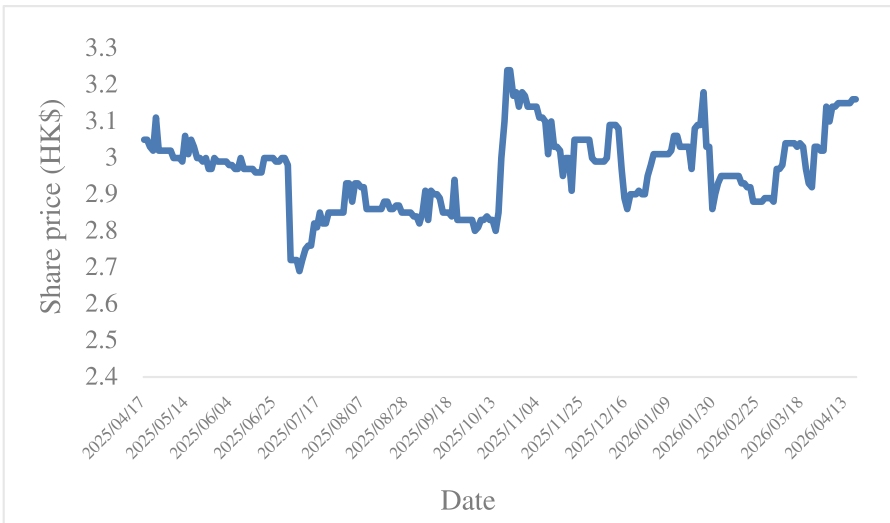
Working capital

As disclosed in the 2025 Annual Results Report, the Group has current assets of approximately RMB874.3 million including cash and cash equivalents of approximately HK$353.3 million. Considering the settlement of Consideration will be financed by the Company's own internal resources, there will not be any significant adverse impact on the working capital of the Group immediately following the Completion.

The aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be after Completion.

10. Analysis on the fairness and reasonableness of the transfer price of the Sale Shares

Set out hereunder is a graph detailing the closing price volatility of the Company's listed securities traded on the Stock Exchange over the period from 17 April 2025 to 16 April 2026 (date of the Share Acquisition Agreement) (the "**Review Period**"), which represents approximately the twelve-month window preceding the date of the Share Acquisition Agreement. The Review Period, in our opinion, is of sufficient duration to capture prevailing market sentiment and pricing fluctuation profile of the subject share's daily closing quotations.



As shown above, the closing prices of the Shares ranged from HK$2.69 to HK$3.24 during the Review Period.

Taking into account of the transfer price of HK$3.0487 per Sale Share (being the 30 trading days from 3 March 2026 to 16 April 2026 (both dates inclusive)) is within range during the Review Period, we consider the transfer price is fair and reasonable.

OPINION AND RECOMMENDATION

In view of the above and having considered in particular that:

(i) the benefits to be derived by the Group from the Acquisition in the above section headed "3. Reasons for and benefits of the Acquisition";

(ii) the methodology, basis and assumptions adopted by the Independent Valuer in arriving the Business Valuation are appropriate and in line with market practices;

(iii) the Consideration of the Acquisition is in line with the appraised value of the Target Company;

(iv) the Implied P/E Multiple of approximately 6.18 times is significantly below the average and median of the P/E Multiples of the Comparable Companies;

(v) the transfer price of HK$3.0487 per Sale Share, which is within range during the Review Period and that the Sale Shares are subject to Lock-up Period; and

(vi) the performance guarantee couple with the Performance Compensation Mechanism will be able to safeguard the interests of the Company and the Shareholders as whole;

We are of the opinion that although the entering into the Share Acquisition Agreement was not in the ordinary and usual course of business of the Group, the Share Acquisition Agreement and the transactions contemplated thereunder, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions approving the Share Acquisition Agreement and the transactions contemplated thereunder at the ESM.

Yours faithfully,
for and on behalf of
CHINA SUNRISE CAPITAL LIMITED
Anthony Fong
Managing Director

Mr. Anthony Fong is a licensed person registered with the SFC and a responsible officer of China Sunrise Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO who has over 16 years of experience in corporate finance industry.

* *For identification purposes only*

The following is an English-translated summary of the Valuation Report in Chinese dated 12 March 2026 prepared and confirmed by the Independent Valuer in connection with its valuation of the Target Company as at 30 June 2025 for the purpose of, among others, inclusion in this circular.

SUMMARY OF THE ASSET VALUATION REPORT ON THE MARKET VALUE OF THE ENTIRE SHAREHOLDERS' EQUITY OF HUNAN LIWEI ZHONGTIAN TECHNOLOGY DEVELOPMENT CO., LTD. INVOLVED IN THE PROPOSED EQUITY ACQUISITION BY HOLLWIN URBAN OPERATION SERVICE GROUP CO., LTD

I. PURPOSE OF VALUATION

The purpose of this valuation is to provide a reference for the market value, as at the Valuation Reference Date, of the equity in Hunan Liwei Zhongtian Technology Development Co., Ltd. involved in the proposed equity acquisition by Hollwin Urban Operation Service Group Co., Ltd.

II. SUBJECT AND SCOPE OF VALUATION

The subject of this valuation is the market value of the entire shareholders' equity of Hunan Liwei Zhongtian Technology Development Co., Ltd.

The scope of this valuation covers all assets and liabilities of Hunan Liwei Zhongtian Technology Development Co., Ltd. as at the Valuation Reference Date.

As of the valuation benchmark date of June 30, 2025, as declared for valuation and audited by Hunan Chucai Certified Public Accountants (General Partnership), the book value of the total assets of the Appraised Entity was RMB168.5801 million, the book value of total liabilities was RMB119.5283 million, and the book value of total shareholders' equity was RMB49.0518 million.

The detailed statements of assets and liabilities declared by the Appraised Entity are as follows:

Unit: RMB

Item	Carrying Value	Content
I. Total current assets	**129,523,345.95**	
Monetary funds	2,578,035.75	Bank deposits
Bills receivable	24,799.90	Bank acceptance notes and commercial acceptance notes
Accounts receivable	38,233,417.11	Receivables for construction
Prepayments	964,316.94	Prepayments for equipment, construction, etc.
Other receivables	1,410,051.19	Margin, reserve funds, etc.
Inventories	170,653.92	Raw materials
Contract assets	86,034,691.05	Construction payments

Item	Carrying Value	Content
Other current assets	107,380.09	Input value-added tax to be deducted, etc.
II. Total non-current assets	**39,056,743.79**	
Fixed assets	21,613,997.00	Buildings, office equipment, etc.
Intangible assets	14,346,388.29	Computer software
Deferred income tax assets	3,096,358.50	Provision for bad debts on accounts receivable and other receivables, and impairment of contract assets
III. Total assets	**168,580,089.74**	
IV. Total current liabilities	**115,480,128.54**	
Short-term borrowings	5,200,000.00	Bank of China Limited, Hunan Xiangjiang New Area branch
Accounts payable	104,693,112.16	Payables for construction and equipment
Employee benefits payable	2,523,364.89	Union dues, wages, etc.
Tax payable	2,011,838.29	Value-added tax
Other payables	319,813.20	Transaction amounts
Non-current liabilities due within one year	732,000.00	Long-term borrowings repayable within one year
V. Total non-current liabilities	**4,048,195.40**	
Long-term borrowings	3,081,000.00	Bank of China Limited, Hunan Xiangjiang New Area branch
Deferred income	967,195.40	Housing allowance
VI. Total liabilities	**119,528,323.94**	

III. TYPE OF VALUE

This Asset Valuation Report adopts market value as the type of value for the valuation conclusion.

IV. VALUATION REFERENCE DATE

The Valuation Reference Date for this valuation is 30 June 2025.

V. VALUATION METHODS

(I) Introduction to basic valuation methods

The basic methods of asset valuation refer to the combination of the approaches, procedures and technical means adopted to assess and estimate the value of assets. These include the three basic valuation methods – the market approach, the income approach, and the cost approach – as well as their derivative methods.

The fundamental methods for enterprise value valuation stipulated in asset valuation standards such as the Basic Standards for Asset Valuation, the Practice Standards for Asset Valuation – Enterprise Value, and the Guidelines for State-owned Enterprise Asset Valuation Report are the asset-based approach (cost approach), the income approach, and the market approach.

1. Asset-based approach (cost approach)

In an appraisal of an enterprise's value, the cost approach, also known as the asset-based approach, refers to a valuation method where the values of assets and liabilities in the statement and identifiable off-balance sheet of an enterprise are appraised on the basis of the balance sheet of Appraised Entity on the Valuation Reference Date for the purposes of determining the value of Valuation Subject. The basic formula is as follows:

Total shareholders' equity (net asset) value = total valuation of individual assets – total valuation of liabilities

2. Income approach

In an appraisal of an enterprise's value, the income approach refers to a valuation method where the expected income is capitalized or discounted to determine the value of Valuation Subject. The specific approaches commonly used under the income approach include dividend discount approach and discounted cash flow method; the dividend discount approach is a specific approach where expected dividends are discounted to determine the value of Valuation Subject, which is usually applicable to the valuation of the partial equity of the shareholders who lack control rights; the discounted cash flow method is a specific approach where expected net cash flow is discounted to determine the value of the Valuation Subject, which includes the Discounted Cash Flow (DCF) Model and the Free Cash Flow to Equity (FCFE) Model.

(1) The basic formula for DCF Model is:

Total shareholders' equity value = Overall value of the enterprise – Value of interest-bearing debt

Overall enterprise value = Sum of present values of FCFF during each of the future benefit periods + Valuation of separately assessed non-operating assets and redundant assets

$$P = \sum_{i}^{t} \frac{A_i}{(1+r)^i} + \mathrm{B}$$

Where:

P – Overall enterprise value

r – Discount rate
t – Forecast period
A_i – Estimated free cash flow in Year i during the explicit forecast period
i – Projection year
B – Total appraised values of non-operating assets and redundant assets which are appraised separately.

(2) The basic formula for the FCFE Model is:

Shareholders' equity value = sum of present value of equity free cash flow during each of the future benefit periods + total appraised value of individually appraised non-operating assets and redundant assets

That is:

$$P=\sum_{i=1}^{t}\frac{A_i}{(1+r)^i}+\frac{A_t}{r(1+r)^t}+\mathrm{B}$$

Where:

P – Total shareholders' equity value;
r – Discount rate;
t – Explicit forecast period;
A_i – Estimated free cash flow to equity in Year i during the explicit forecast period;
A_t – Estimated free cash flow to equity in future Year t;
i – Projection year;
B – Total appraised values of non-operating assets and redundant assets which are appraised separately.

FCFE = Net profit after tax + Depreciation and amortization − Increase in working capital − Capital expenditures + Net increase in interest-bearing debt

3. Market approach

In an appraisal of an enterprise's value, the market approach refers to the valuation method where the Valuation Subject is compared against comparable listed companies or comparable transactions to determine the value of Valuation Subject.

Two specific methods commonly used under the market approach are the comparable listed company method and comparable transaction case method.

The comparable listed company method refers to obtaining and analyzing the operating and financial data of listed companies in the same or similar industry as the Appraised Entity, calculating appropriate value ratios, and estimating the value of the Valuation Subject on the basis of comparison and analysis with the Appraised Entity. The estimation formula is:

Valuation Subject Value = Σ Corresponding Value Indicators of the Valuation Subject × Comparable Enterprise Value Ratio (or Value Multiplier) × Adjustment Factors × Weighting Factors

The comparable transaction case method refers to a specific valuation approach that involves obtaining and analyzing data on sales, acquisitions, and mergers of comparable enterprises operating in the same or similar industries as the subject entity. By comparing the similarities and differences between the subject entity and these comparable transaction cases, considering the differential factors between them and their impact on value, and calculating appropriate value ratios, this method derives a "comparable price" through comparative analysis with the subject entity, thereby estimating its market value. The calculation formula is as follows:

Valuation Subject Value = (Comparable Price 1 + Comparable Price 2 + Comparable Price 3 + ... + Comparable Price n)/n

Total Shareholders' Equity Value = Market Value of Equity

(II) Selection of valuation methods

In carrying out an appraisal of an asset's value, the asset valuer shall prudently analyze the applicability of three basic asset valuation methods, i.e. asset-based approach (cost approach), income approach and market approach based on the purpose of valuation, Valuation Subject, value type, data collection and other relevant factors, before properly selecting one or more basic asset valuation methods for valuation in accordance with the law.

1. Applicability analysis of valuation methods

1) Asset-based approach (Cost approach)

(1) Conditions for applying the asset-based approach (cost approach):

① The Valuation Subject is based on the premise of continued use;

② The Valuation Subject possesses profitability commensurate with its replacement cost, i.e., current or anticipated profitability;

③ Capable of reasonably calculating the replacement cost of the Valuation Subject and various forms of depreciation.

(2) Analysis on the applicability of asset-based approach (cost approach)

① Judgment from the perspective of the certainty of the quantity of valuation assets

The Appraised Entity has a sound accounting and audit system as well as orderly management in place, and the quantity of assets subject to valuation can be determined based on financial information and construction data, and can be verified through on-site investigation.

② Judgment from the perspective of the availability of replacement price of appraised assets

The industry to which the assets subject to valuation belong is relatively mature with relatively complete industry data; the replacement cost of the assets being appraised can be obtained.

③ Judgment from the perspective of the predictability of newness rate of appraised assets

The newness rate of assets included in the Valuation Subject can be calculated by estimating the remaining service life of the assets based on their economic useful life and thus estimating the commonly acknowledged newness rate. Based on the on-site investigation and the relevant information collected, the newness rate is estimated with reference to the actual depreciation rate, functional depreciation rate and economic depreciation rate.

④ As the assets and liabilities of the entity being appraised can be reasonably identified based on accounting policies, business operations, etc., during the valuation, there are conditions to select appropriate and specific valuation methods based on the characteristics of each asset and liability, and there are operational conditions for implementing these valuation methods.

Based on the above analysis and conclusion, the asset valuers are of the view that asset-based approach (cost approach) is appropriate for this valuation both in theory and practice.

2) Market approach

(1) Conditions for applying the market approach:

① The Valuation Subject or comparable reference has an open market with relatively active trading;

② Relevant transaction information and details regarding the subject matter of the transaction, among other related materials, are available.

(2) Applicability analysis of market approach

① Judging from the capacity and activity level of the stock market, as well as the number of comparable companies

The two open and active main board stock markets in mainland China are currently in Shanghai and Shenzhen, respectively, on which stocks of listed companies are traded, satisfying the conditions of "market capacity and activity level" for market-based valuation.

Based on the publicly available market information of listed companies, financial information audited by external auditors and other relevant information from China Listed Companies Network and WIND Info, it is known that there are few listed companies in the same industry as the Valued Entity in the Chinese mainland capital market, and there are great differences in asset size and business scope, which cannot meet the "quantity" requirements of comparable companies for market method valuation.

② Assessing comparability based on the comparability of comparable companies

Among the listed companies operating in the same industry as the Appraised Entity, based on the comparison with the Appraised Entity or the Valuation Subject in terms of the date of establishment and listing, business scope, business scale, main products, business composition, operation indexes, operation mode, operation stage, financial data or the purpose, time, situation, price and other factors in their transaction cases, it is concluded that there are few listed companies that are basically comparable to the Appraised Entity, which cannot meet the requirement of 'comparability' in market approach for a sufficient number of comparable companies.

Based on the above analysis and conclusion, the asset valuers conclude that the market approach is not appropriate for this valuation both in theory and practice.

3) *Income approach*

(1) Conditions for applying the income approach:

① The future benefits of the subject can be anticipated and measured in monetary terms;

② The risk associated with such benefits can be measured;

③ The duration of the income can be determined or reasonably anticipated.

(2) Applicability analysis of the income approach

① Historical operation of the Appraised Entity

Liwei Zhongtian was established in December 2004 with a registered capital of RMB31 million. Based on discussions with the management, its operational performance has been stable and positive since inception, and its future benefits can be reasonably determined.

From an overall perspective, the assets of the Appraised Entity in relation to the Valuation Subject are operating assets, which have clear property rights and are in good condition. Adequate cash flow can be generated in the operation process to secure the continuous renewal and compensation of various assets and maintain its overall profitability, enabling the Appraised Entity to continue its operation on a going concern.

② The predictability of the future benefits of the Appraised Entity

The operating revenue of the Appraised Entity can be measured in monetary terms as inflows, the corresponding costs and expenses can be measured in monetary terms as outflows, and other economic benefits can also be measured in monetary terms. Therefore, the expected returns generated by the overall profitability of the Valuation Subject can be reasonably forecasted using monetary measurement.

③ Collection and acquisition of valuation materials

The information provided by the Client and the Appraised Entity and the information collected by the asset valuers in relation to this valuation can basically meet the requirements of income approach for the adequacy of valuation information.

④ Risk projections related to the future benefits of the Appraised Entity

The Appraised Entity is mainly exposed to, inter alia, industrial risks, operational risks, financial risks, policy risks and other risks. After analysis, the asset valuers believe that the above risks can be qualitatively judged or roughly quantified, which in turn provides a basis for the estimation of discount rates.

Based on the above analysis and conclusion, the asset valuers conclude that income approach is appropriate for this valuation both in theory and practice.

2. ***Selection of valuation approach for this valuation***

The Valuation Subject is the value of the entire equity held by the shareholders of Appraised Entity on the Valuation Reference Date. The assets and liabilities included in the Valuation Subject as of the Valuation Reference Date are clearly defined. Based on the purpose of this valuation, the Valuation Subject, value type, the relevant information provided by the Client and the Appraised Entity, information collected through on-site investigation and other channels, and the specific circumstances of the Valuation Subject and other relevant conditions, coupled with comprehensive judgment such as the applicability analysis of the aforementioned valuation approaches, it is appropriate to select the asset-based approach and income approach for this valuation.

(III) Specific valuation methods under the asset-based approach

The values of assets and liabilities in the statement and identifiable off-balance sheet of an enterprise are appraised on the basis of the balance sheet of Appraised Entity on the Valuation Reference Date for the purpose of determining the value of Valuation Subject. The basic formula is as follows:

Total shareholders' equity (net asset) value = total valuation of individual assets – total valuation of liabilities

Valuation methods for specific categories of assets and liabilities are as follows:

1. Monetary funds: For monetary funds denominated in RMB, the appraised value is determined by their verified book value.

2. For notes receivable, accounts receivable, and other receivables, the valuer determined the appraised value according to the potentially recoverable amount of each payment, on the basis of verifying the correctness of the receivables. For receivables that

are believed to be fully recoverable with sufficient reason, the appraised value was calculated based on the total amount of receivables. For the amount that is likely to be unrecoverable, when it is difficult to determine the amount of unrecoverable accounts, based on historical information and on-site investigation, specifically analyse the amount, time and reason of the arrears, recovery of the amount, the status of the debtor's funds, credit, operation and management to estimate the amount that is likely to be unrecoverable in the ageing analysis method and then calculate the appraised value by deducting such estimated amount as the risk loss. The "bad debt provision" item in the book was calculated as nil.

3. Prepayments: the valuers check relevant purchase contracts or supply agreements to understand the services and goods received between the Valuation Reference Date and the on-site verification date. If the supplier is not found to be bankrupt, revoked or unable to provide goods or labor services on schedule as stipulated in the contract, the verified book value shall be taken as the appraised value.

4. Inventory

(1) Raw materials: the valuer checked the purchase and sale contracts and invoices for raw materials to verify the purchase date and the recorded amounts. The book cost structure was reasonable, and there was no gain or loss on materials. The valuer investigated the market price as at the Valuation Reference Date. Most of the raw materials were recently purchased, and their book value per unit approximated to their market selling prices as at the Valuation Reference Date, thus the book values of raw materials after verification were taken as appraised values.

5. Fixed assets of equipment

The statements were consistent with those listed in the account books after verifying against the electronic breakdown table submitted by the enterprise. At the same time, the ownership was recognized after examining and verifying related contracts, legal ownership certificates and accounting documents. On this basis, the valuers conduct necessary on-site investigation and verification of the equipment subject to valuation.

In this valuation, based on the purpose of valuation and adhering to the principle of continued use, the market value as of the Valuation Reference Date was used as the basis. The replacement cost approach and market approach were employed for the valuation.

1) Replacement cost method

For the purpose of the valuation, the valuation of equipment assets primarily adopts the replacement cost method, i.e., on the premise of continuous use, the replacement cost is determined based on the current market value of reconfiguring the asset, while the newness rate is determined through on-site inspection and comprehensive technical analysis to account for corresponding depreciation, and the appraised value is calculated accordingly. The calculation formula is:

Appraised value = replacement cost of equipment ×newness rate

(1) Determination of replacement cost

A. Office equipment and other equipment

For office equipment and other equipment within the scope of this valuation, as the unit value is relatively low and installation is not required (or the responsibility is undertaken by the vendor), and transportation costs are low, the replacement cost is determined by referencing current market purchase prices.

(2) Determination of newness rate

A. Newness Rate by Service Life Method

Relevant information is reviewed to determine the used service life and economic life of the equipment in order to calculate the newness rate using the service life method:

Newness rate by service life method = (remaining service life/(remaining service life + used service life)) × 100%

When determining the newness rate, for equipment that is essentially functional, the newness rate is generally not less than 15%.

(3) Determination of appraised value

Appraised value = Equipment replacement cost × newness rate

6. Fixed assets – buildings

1) Selection of valuation methods

According to the Code for Real Estate Appraisal, the valuation methods include the market comparison approach, income approach, hypothetical development method, and cost approach.

2) Appropriate method: income approach

The income approach represents a valuation method in which the future normal net income of the valuation subject is estimated by discounting such net income to the point in time of the valuation using an appropriate capitalization rate, and subsequently accumulating it to arrive at an objective and reasonable price of the valuation subject. The technical approach for valuation using the income approach involves: first determining the objective rental income of the Valuation Subject and the capitalisation rate for comparable properties in the same area. Next, the objective expenses of the Valuation Subject are calculated. Subtracting the objective expenses from the objective rental income yields the Valuation Subject's annual net income. Then, using the derived commercial real estate rate of return, discount the future net income streams to the Valuation Reference Date to calculate the income value of the Valuation Subject.

7. Intangible assets

Intangible Assets – Others primarily consist of educational platforms. The evaluators examined relevant documents, contracts, and supporting evidence, and reviewed the amortization methods and carrying values of the intangible assets. Therefore, the appraised value is determined based on the verified book amortized value.

8. Liabilities

Liabilities mainly include current liabilities and long-term liabilities. The asset valuer reviews and verifies the liabilities of the enterprise by examining the relevant supporting documents, including loan agreements, balance confirmations, procurement contracts, invoices, settlement statements, payroll records, tax filing records and current-account ledgers, and, upon verification, the amount of liabilities actually required to be borne by the enterprise as at the Valuation Reference Date will be taken as the appraised value of the liabilities.

(IV) Specific valuation approach for the income approach

We use the discounted cash flow method to estimate the main business value of the Appraised Entity as at the Valuation Reference Date, and select the discounted corporate free cash flows model as the specific method. The main business value of the Appraised Entity is calculated on the basis of the corporate free cash flows of the Appraised Entity during the income period, summing up after its discounting by using the appropriate discount rate.

The total value of the Appraised Entity is calculated on the basis of the main business value of the appraised entity, plus the value of non-operating and redundant assets and minus the value of non-operating and redundant liabilities, and the value of the entire shareholders' equity is derived by further minus the value of interest-bearing debt.

In the discounted corporate free cash flows model, the following matters need to be further explained:

(1) FCFF calculation

FCFF = Net operating profit after tax + depreciation and amortization – capital expenditure – increase in net working capital

Overall enterprise value = Sum of present values of FCFF during the future benefit period + Valuation of separately assessed non-operating assets and redundant assets

$$P = \sum_{i}^{t} \frac{A_i}{(1+r)^i} + \mathrm{B}$$

Where:

P – Overall enterprise value
r – Discount rate
t – Prediction period
A_i – Estimated free cash flow in Year i during the explicit forecast period
i – Projection year
B – Total appraised values of non-operating assets and redundant assets which are appraised separately.

The formula for calculating the discount rate (Weighted Average Cost of Capital, WACC) is as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

Where: E: Market value of equity;
D: Market value of debt;
K_e: Cost of equity capital;
K_d: Cost of debt capital;
T: Income tax rate applicable to the Appraised Entity.

The cost of equity capital is calculated using the capital asset pricing model (CAPM), and the calculation formula is as follows:

$$K_e = R_f + MRP \times \beta + R_c$$

Where: R_f: Risk-free return rate;
MRP: Market risk premium;
β: System risk coefficient of equity;
R_c: Enterprise-specific risk coefficient.

(2) Scope of non-operating and redundant assets

The scope of non-operating and redundant assets includes redundant assets and non-operating assets, and the value of non-operating and redundant assets is equal to the sum of redundant assets value and non-operating assets value.

The assets of the Appraised Entity as at the Valuation Reference Date are classified into two categories: operating and non-operating assets. Operating assets refer to the assets related to the Appraised Entity's operations, and are further classified into efficient assets and inefficient assets. The efficient assets refer to assets that are being used or will be used for the entity's production and operation; inefficient assets are also named redundant assets, referring to assets that are held for operating purpose, but are not used at the Valuation Reference Date or will not be used in the foreseeable future.

Redundant assets and non-operating assets are defined as follows:

Redundant assets refer to superfluous assets that are held by the enterprise for operational purposes, but have no direct relationship with the income of the enterprise and exceed the required amount for the operation of the enterprise in a specific period of time. The valuer analyzed the Appraised Entity's asset allocation and profitability status, as well as its operational status to determine whether the Appraised Entity has redundant assets.

Non-operating assets refer to assets that are held for non-operating purpose, and have no direct link to production and operating activities of the enterprise, such as the properties occupied by shareholders for residential use, vehicles used by shareholders, short-term equity and bond investments concerning industrial and manufacturing companies, and transaction amounts with related companies irrelevant to the main business of the enterprise.

The valuation of long-term equity market value, redundant asset value, and non-operating asset value is based on asset characteristics and conducted with different valuation methods.

(3) Scope of non-operating and redundant liabilities

The scope of non-operating and redundant liabilities includes redundant liabilities, non-operating liabilities, etc. Correspondingly, the value of non-operating and redundant liabilities is equal to the sum of the value of the redundant liabilities and the non-operating liabilities.

(4) Calculation of the entire equity value of shareholders

The formula for calculating the value of the entire shareholders' equity is:

Total shareholders' equity value = Overall value of the enterprise – Value of interest-bearing debt

Overall value of the enterprise = value of the main business of the enterprise + value of non-operating and redundant assets – value of non-operating and redundant liabilities.

VI. THE IMPLEMENTATION PROCESS AND SITUATION OF THE VALUATION PROCEDURE

Upon being appointed for this valuation, the asset valuers of the asset valuation firm were selected to understand the basic information related to this valuation, formulate the valuation work plan, and arrange and assist the Appraised Entity in asset checking. Subsequently, the appraisal taskforce was dispatched to the Appraised Entity to conduct on-site investigations into the Valuation Subject and its assets and liabilities, verify and analyze its historical profit and loss, and then estimate the value of the Valuation Subject. Based on the valuation purpose, subject, scope, business scale, competition type and status, data collection status, and specific project conditions, asset valuers designed and executed the following procedures deemed appropriate to support the valuation conclusions:

(I) Project negotiation and valuation preparation phase

1. Clarification of the basic matters of business valuation and formulation of the valuation plan

The asset valuation firm, through negotiations, risk valuation over the valuation project, and other preliminary work procedures, has resolved to accept the engagement. In other words, full communications with the Client help understand the basic information about this valuation project, including the purpose of valuation, Valuation Subject, scope of valuation, and the Valuation Reference Date, so as to prepare the valuation work plan and formulate the valuation scheme, as a result of which the Asset Valuation Engagement Agreement has been entered into with the Client.

2. Submission of the List of Information for Asset Valuation

In accordance with the features of the assets subject to valuation, the specific List of Information for Asset Valuation, Detailed Asset Valuation Schedule, and others shall be submitted, and the Client and the Appraised Entity are required to make active preparation for valuation information.

3. Direction given to the Appraised Entity in checking assets and preparing valuation information

Communications with the relevant personnel of the Client and the Appraised Entity shall be maintained to make arrangements and assist them in completing the Detailed Asset Valuation Schedule and preparing the relevant information required for appraisal in accordance with the asset appraisal requirements.

(II) Due diligence, collection and valuation of materials, on-site verification of assets and validation of materials, and valuation

1. Collection and verification of information provided by the Client and the Appraised Entity

We verified and checked the materials provided by the client and the Appraised Entity and assisted them in solving the problems identified.

2. On-site survey and key inventory check

A comprehensive (or sampling) verification of assets involved in the Valuation Subject shall be carried out, alongside detailed surveys of important assets, and compilation of the On-site Survey Working Papers.

3. Interview

In accordance with specific conditions of the Valuation Subject, and the information provided by the Client and the Appraised Entity, seminars, discussions, telephone interviews, and other means shall be arranged with the governing bodies, management, and technical personnel of the Appraised Entity, so as to reach consensus on the understanding of matters related to the Valuation Subject, as well as the Appraised Entity and the history and future development trajectory of the industry where it operates.

4. Collection of market information and related data

On the basis of collecting the materials provided by the Client and the Appraised Entity in accordance with the list of information required for asset valuation, market information, industry data, macroeconomic data and regional data, etc., shall be further collected to meet the requirements of appraisal and estimation.

5. Determination of valuation approaches and methods

The basic approach, specific valuation model and method will be determined based on the actual conditions and specific characteristics of the Valuation Subject and data collection.

6. Valuation analysis

Based on the established fundamental approach and specific methods of valuation, the value of the valuation subject and its constituent assets (liabilities) shall be separately appraised and estimated, with relevant valuation working papers and detailed valuation schedules being prepared.

(III) Consolidation and final valuation

The preliminary valuation results will be analyzed and aggregated, which may be subject to necessary adjustments, corrections and improvements to determine the preliminary aggregated valuation results. Furthermore, a preliminary valuation report together with the valuation breakdown statement, and related working papers will be drafted and submitted to the Quality Supervision Department of the asset valuation firm for review.

(IV) Issuance of valuation report

After completing the aforementioned steps, and without compromising the independence of the valuation firm and the asset valuer in forming their conclusions, we will exchange views with the client regarding the preliminary valuation results. Following thorough consideration of the client's relevant and reasonable opinions, the valuation report and detailed valuation schedules will undergo verification, cross-checking, and refinement in accordance with our firm's review system and quality control procedures. Thereafter, this valuation firm will issue the asset valuation report.

VII. VALUATION ASSUMPTIONS

According to the asset valuation standards, the asset valuer made necessary analysis, judgments and adjustments on the information provided by the Client or relevant parties, after making sufficient analysis of the capital structure, operating conditions, historical performance and development prospect of the Appraised Entity, and taking into account the macro-economic and regional economic influencing factors, the status quo and development prospects of the industry in which the Appraised Entity operates and their impacts on the value of the Appraised Entity. The following assumptions are reasonably set after considering various possibilities and their impacts in the future.

(I) Precondition assumptions

1. Arm's length assumption

The arm's length assumption posits that the Valuation Subject is already in the process of being traded. The valuer simulates market conditions based on the transaction terms of the Valuation Subject and other relevant factors, applying the principle of fairness to determine its value. This assumption constitutes the most fundamental premise enabling asset valuation.

2. Open market assumption

The open market assumption is that assets are publicly traded or intended to be publicly traded in the market, with the parties to the transaction being on an equal footing with each other and having access to sufficient market information and time to make a rational judgment on the function, use, and transaction price of the assets. The open market assumption is based on the assumption that assets are publicly tradable in the market.

3. Asset Going-concern assumption

The asset going-concern assumption refers to the valuation that assumes the subject assets will continue to be used according to their current purpose and the manner, scale, frequency, and environment of use until the end of the contractually agreed operating period.

(II) General assumptions

1. It is assumed that there will be no significant changes in the current relevant laws and regulations, industry policies, industrial policies, macro-economic conditions or any other aspects in the country or region where the Appraised Entity operates as compared with those on the Valuation Reference Date. There will be no material changes in the political, economic and social conditions in the region where the parties to the transaction are located.

2. It is assumed that there will be no major changes in the fiscal and currency policies and the relevant prevailing interest rates, exchange rates, bases of taxation, tax rates and governmental fees in the region where the Appraised Entity operates.

3. It is assumed that there will be no other force majeure or unforeseeable factors that may have a material adverse impact on the Appraised Entity as a going concern.

(III) Special assumptions

1. It is assumed that the Appraised Entity fully complies with all the relevant prevailing laws and regulations.

2. It is assumed that the manager of the Appraised Entity is responsible, and its management is capable of taking up their positions and performing their duties;

3. It is assumed that based on the current management method and management standards of the Appraised Entity, its business scope, business model, product structure, and decision-making procedures remain consistent with the current ones.

4. It is assumed that the accounting policies to be adopted by the Appraised Entity in the future are substantially the same in all material respects as those adopted at the Valuation Reference Date.

5. Estimations made in the Valuation Report are based on the assumption that all significant or potential factors which may affect the valuation analysis have been fully disclosed between us and the valued entity.

6. This assessment assumes that Hunan Liwei Zhongtian Technology Development Co., Ltd. will continue to obtain high-tech enterprise professional qualification in subsequent years, thereby maintaining eligibility for high-tech enterprise tax policies, with a corporate income tax rate of 15%.

(IV) Impacts of the aforementioned assumptions on the valuation conclusion

Assumptions are adopted to determine the impacts that are hard to quantify of certain uncertainties on the revenue, costs, expenses and operation of the Appraised Entity. The aforementioned assumptions determine the conditions for using the assets included in the Valuation Subject and market conditions, and have a relatively material impact on the valuation. According to the requirements for asset valuation, the asset valuers have assumed that these assumptions are valid and reasonable on the Valuation Reference Date. To the extent that the economic conditions materially change in the future, the signing asset valuers and their asset valuation firm do not assume any liability for any different valuation conclusion resulting from any changes in the aforementioned assumptions. To the extent that the economic conditions materially change in the future or the aforementioned assumptions are no longer valid, the valuation conclusion would be invalid.

VIII. VALUATION CONCLUSION

(I) The valuation conclusion of the asset-based approach (cost approach)

As of the valuation benchmark date of June 30, 2025, the total book value of assets declared for valuation and audited by Hunan Chucai Certified Public Accountants (General Partnership) was RMB168.5801 million, the total book value of liabilities was RMB119.5283 million, and the total book value of shareholder s' equity was RMB49.0518 million.

Based on the asset-based approach (cost approach) valuation, the market value of the entire equity of Hunan Liwei Zhongtian Technology Development Co., Ltd. as of the valuation benchmark date of June 30, 2025, is RMB49,543,500, representing an increase of RMB491,700 over the book value of the owners' (shareholder s') equity, with a valuation increase rate of 1.00%.

Summary of Asset Appraisal Results

Valuation Benchmark Date: June 30, 2025

Entity Valued: Hunan Liwei Zhongtian Technology Development Co., Ltd. *Unit: RMB0,000*

	Items	**Carrying Value A**	**Appraised Value B**	**Increase/ Decrease in Value C=B-A**	**Increase Rate % D=C/A×100**
1	Current assets	12,952.33	12,952.33	–	–
2	Non-current assets	3,905.68	3,954.85	49.17	1.26
3	Including: available-for-sale financial assets	–	–	–	–
4	Debt investments	–	–	–	–
5	Long-term receivables	–	–	–	–
6	Long-term equity investments	–	–	–	–
7	Investment properties	–	–	–	–
8	Fixed assets	2,161.40	2,210.57	49.17	2.27
9	Construction in progress	–	–	–	–
10	Construction materials	–	–	–	–
11	Disposal of fixed assets	–	–	–	–
12	Productive biological assets	–	–	–	–
13	Oil and gas assets	–	–	–	–
14	Intangible assets	1,434.64	1,434.64	–	–
15	Development expenditure	–	–	–	–
16	Goodwill	–	–	–	–
17	Long-term deferred expenses	–	–	–	–
18	Deferred income tax assets	309.64	309.64	–	–
19	Other non-current assets	–	–	–	–
20	**Total assets**	**16,858.01**	**16,907.18**	**49.17**	**0.29**
21	Current liabilities	11,548.01	11,548.01	–	–
22	Non-current liabilities	404.82	404.82	–	–
23	**Total liabilities**	**11,952.83**	**11,952.83**	**–**	**–**
24	**Net assets (owner's equity)**	**4,905.18**	**4,954.35**	**49.17**	**1.00**

Refer to the Asset Appraisal Schedule for details of the appraisal conclusion.

The key quantitative inputs of, and the specific valuation assessment basis adopted in respect of, each line item of the valuation of Hunan Liwei Zhongtian Technology Development Co., Ltd. were as follows:

1. ***Current assets.*** The book value of current assets was RMB12,952.33 (in ’0,000), with no appreciation or depreciation reflected in the appraised value.

2. ***Non-current assets.*** The book value of non-current assets was RMB3,905.68 (in ’0,000) and the appraised value was RMB3,954.85 (in ’0,000), representing an appreciation of RMB49.17 (in ’0,000), or an appreciation rate of 1.26%, of which:

   (i) ***Fixed assets.*** The book value of fixed assets was RMB2,161.40 (in ’0,000) and the appraised value was RMB2,210.57 (in ’0,000), representing an appreciation of RMB49.17 (in ’0,000), or an appreciation rate of 2.27%. Buildings and structures were appraised using the income approach, while office equipment was appraised using the replacement cost approach.

   (ii) The appreciation in the net appraised value of the buildings and structures arose as rising district rentals lifted net income while the capitalisation rate eased, increasing the discounted present value of future net income and hence the appraised value.

   (iii) The decrease in the gross (original) appraised value of equipment reflected the rapid pace of technological advancement and the resulting decline in equipment prices. The appreciation in the net appraised value of equipment was attributable to the fact that the economic useful life adopted for the purposes of the appraisal was longer than the depreciation life adopted under the Target Company’s accounting policies.

   (iv) ***Intangible assets.*** The book value of intangible assets was RMB1,434.64 (in ’0,000), with no appreciation or depreciation reflected in the appraised value.

   (v) ***Deferred income tax assets.*** The book value of deferred income tax assets was RMB309.64 (in ’0,000), with no appreciation or depreciation reflected in the appraised value.

3. ***Current liabilities.*** The book value of current liabilities was RMB11,548.01 (in '0,000), with no appreciation or depreciation reflected in the appraised value.

4. ***Non-current liabilities.*** The book value of non-current liabilities was RMB404.82 (in '0,000), with no appreciation or depreciation reflected in the appraised value.

As at the Valuation Benchmark Date of 30 June 2025, the entity being appraised had, on the basis of the figures declared for the purposes of the appraisal as audited by Hunan Chucai Certified Public Accountants (General Partnership), total assets with a book value of RMB16,858.01 (in '0,000), total liabilities with a book value of RMB11,952.83 (in '0,000) and total shareholders' equity with a book value of RMB4,905.18 (in '0,000).

Applying the asset-based (cost) approach, the market value of the entire shareholders' equity in Hunan Liwei Zhongtian Technology Development Co., Ltd. as at the Valuation Benchmark Date of 30 June 2025 was assessed at RMB4,954.35 (in '0,000), representing an appreciation of RMB49.17 (in '0,000) over the book value of owners' (shareholders') equity, or an appreciation rate of 1.00%.

(II) Conclusion on valuation based on the income approach

As of the valuation benchmark date of June 30, 2025, the total book value of assets reported for valuation and audited by Hunan Chucai Certified Public Accountants (General Partnership) was RMB168.5801 million, the total book value of liabilities was RMB119.5283 million, and the total book value of shareholder s' all interests was RMB49.0518 million.

Based on the income approach valuation, the market value of the entire equity of Hunan Liwei Zhongtian Technology Development Co., Ltd. as of the valuation benchmark date of June 30, 2025, is **RMB FIFTY-TWO MILLION THREE HUNDRED SIXTY-EIGHT THOUSAND EIGHT HUNDRED ONLY** (￥52.3688 million), representing an increase of RMB3.317 million over the assessed value of the owners' (shareholders') equity, with an appreciation rate of 6.76%.

(iii) Analysis of the Results and Valuation Conclusion

The difference between the asset-based approach and the income approach valuation results is RMB2.8253 million, representing a variance rate of 5.70%.

The asset-based approach considers the re-acquisition of assets and reflects the replacement value of the existing assets of the enterprise, while the income approach considers the enterprise's future profitability and reflects the comprehensive profitability of the assets of the enterprise. It is inevitable for the two valuation approaches to have different results due to their differing assessment rationales.

This valuation adopted the two valuation approaches mentioned above. When determining which valuation approach to use for the final pricing conclusion, it is first considered that the income approach is derived from the prediction of operating data during the future operating period under various assumptions. However, the company's future profitability, operational capability, operational risks, industry competitive market prospects, overall industry changes, industry policy changes, and macroeconomics all have significant uncertainties. For example, considering the risks of capital advances and business sources required during Liwei Zhongtian's operations, if the accounts receivable period is long and capital utilization efficiency is low, operating and financial risks will significantly increase; Liwei Zhongtian's current business mainly comes from some state-owned enterprises and public institutions, and business development is greatly affected by policies. Therefore, there are significant uncertainties regarding the impact of capital pressure and business sources on the company's future profitability. In this case, the income approach valuation conclusion can hardly accurately reflect the enterprise value. Based on the asset-based approach, which has performed sufficient valuation procedures for various assets and liabilities and collected necessary valuation data, and the selected valuation methods and parameters for various assets are reasonable, the asset-based approach valuation result can reasonably reflect the value of the shareholders' equity of the evaluated entity. Relatively speaking, the asset-based approach valuation result is more stable and can more accurately reveal the enterprise's value at the valuation date.

In summary, after investigating the financial status and analyzing the operating conditions of the assessed entity, and considering the subject of this asset valuation, the purpose of the valuation, and the applicable type of value, the valuers conducted a comparative analysis and concluded that the valuation result of the asset-based approach can more comprehensively and reasonably reflect the intrinsic value of the enterprise. We ultimately selected the valuation result of the asset-based approach as the final valuation conclusion.

After analyzing and comparing the valuation results of the two methods, and taking the asset-based approach valuation result as the valuation conclusion, the book value of the total assets of Hunan Liwei Zhongtian Technology Development Co., Ltd. as of the valuation benchmark date of June 30, 2025, as declared for valuation and audited by Hunan Chucai Certified Public Accountants (General Partnership), was RMB168.5801 million, the book value of total liabilities was RMB119.5283 million, and the book value of shareholders' equity was RMB49.0518 million. After valuation using the asset-based approach, the market value of all shareholders' equity of Hunan Liwei Zhongtian Technology Development Co., Ltd. as of the valuation benchmark date of June 30, 2025, was **Renminbi Forty Nine Million Five Hundred Forty Three Thousand and Five Hundred ONLY** (¥49.5435 million), representing an appraisal increment of RMB491,700 over the owners' (shareholders') equity, with an increment rate of 1.00%.

Lawful users of this valuation report and its valuation conclusions should pay special attention to the assumptions, limiting conditions, special matters (significant post-period events) stated in this valuation report, and their impact on the valuation conclusions.

(IV) Conditions for the validity of the valuation conclusion

1. The assets included in the valuation subject are in a normal, reasonable and lawful state of operation, use and maintenance to the extent permitted by current legal, economic and technical conditions.

2. The valuation conclusion of this valuation report is a reference opinion on the market value of the appraised object as of the Valuation Reference Date, issued for the valuation purpose stated in this valuation report under the valuation assumptions and constraints specified herein. This valuation conclusion does not take into account the impact of equity liquidity on the value of the valuation subject.

3. The valuation conclusion in this report reflects the market value of the valuation subject determined under the valuation purpose stated herein, based on the going concern assumption, open market assumption, and the "Valuation Assumptions and Limitations" specified in this report. It does not consider the following factors:

   (1) The impact of past or potential future matters such as mortgages, pledges, and guarantees;

   (2) The impact on the assessed value due to possible additional consideration paid by special transaction parties or special transaction methods;

   (3) The impact of natural forces and other force majeure events on asset values occurring after the Valuation Reference Date.

   (4) Relevant aspects that may affect the net value of such assets, including expenses and taxes that would be incurred if the assets were disposed of.

(V) Effectiveness of the valuation conclusion

1. The valuation conclusion in this report constitutes a professional opinion issued by asset valuers in accordance with relevant national regulations. It shall be legally binding pursuant to the provisions of applicable laws and regulations.

2. The valuation conclusion in this report is a reference opinion on the market value of the Valuation Subject as of the Valuation Reference Date, issued for the valuation purpose stated herein. This conclusion is based on the assumption that the Valuation Subject continues to be used for its current usage and remains in operation, and that the external economic environment remains the same or similar to that prevailing on the Valuation Reference Date. Therefore, the valuation conclusion in this report is only valid under the conditions that the Valuation Subject continues to be used for its current usage and remains in operation, and that the external economic environment remains the same or similar to that prevailing on the Valuation Reference Date. The valuation conclusions in this report shall become invalid when the aforementioned valuation purposes, assumptions, and limitations, as well as the going concern assumption and open market assumption followed in the valuation, no longer hold true.

IX. NOTES ON SPECIAL MATTERS

(I) References to the conclusions of reports by other agencies

The 2022 financial data were audited and confirmed by Daxin Certified Public Accountants (Special General Partnership) Changsha Branch, and an unqualified audit report No. Daxin Sha Shen Zi [2023] 00057 was issued; financial data from 2023 to 30 June 2025 were audited and confirmed by Hunan Chucai Certified Public Accountants (General Partnership), and Xiang Chu Shen Zi [2026] SZ No. 021 unqualified audit report was issued.

The valuation firm and the asset valuers bear relevant responsibility for any improper referencing.

(II) Information about incomplete or defective ownership

None.

(III) Restrictions on the valuation procedures

None.

(IV) Incomplete valuation information

None.

(V) Pending matters, legal disputes and other uncertainties

None.

(VI) Matters of guarantee, lease and contingent liabilities (contingent assets)

1. Mortgage of properties

In September 2020, Hunan Liwei Zhongtian Technology Development Co., Ltd. entered into a 10-year fixed-asset loan agreement with Bank of China Limited, Hunan Xiangjiang New Area Branch, with contract number Xiang Zhong Yin Qi Jie Zi 20201796-1. The loan amount was RMB7.29 million. The mortgaged property is located at Building A, Xiangjiang Times Business Plaza, 179 Xiandao Road, Yuelu District, Changsha, with a mortgaged area of 1,709.35 m^2. The real estate ownership certificate numbers are Xiang (2019) Changsha Real Estate Ownership Nos. 0197082, 0197186, 0197220, 0197223, 0197225, 0197227, 0197074, and 0197230.

2. Bank borrowings

No.	Lending Bank (or Institution)	Interest Accrual Date	Maturity Date	Interest Rate	Outstanding Balance
1	Bank of China Limited, Hunan Xiangjiang New Area Branch	15 July 2024	14 July 2025	3.45%	5,200,000.00
2	Bank of China Limited, Hunan Xiangjiang New Area Branch	23 September 2020	21 September 2030	4.65%	3,813,000.00
Total					9,013,000.00

(VII) Material subsequent matters

None.

(VIII) Deficiencies in economic activities corresponding to the asset valuation that may have a material effect on the valuation conclusion

None.

(IX) Notes on material matters that may affect the valuation process

None.

(X) Notes on other matters

1. This valuation assumes that Hunan Liwei Zhongtian Technology Development Co., Ltd. will continue to maintain its High-Tech Enterprise qualification in future years and remain eligible for the preferential tax policies for High-Tech Enterprises, with an enterprise income tax rate of 15%.

2. According to the "Statement on the Scope of Intangible Asset Valuation Involved in the Equity Interests Acquisition Valuation of LWZT Company "provided by the client, the intellectual property rights associated with the "Smart Traffic Signal" project under the appraised entity – including applied invention patents, utility model patents, design patents, and software copyrights – remained in the early R&D stage as of the valuation benchmark date. It is anticipated that these assets are unlikely to materialize into products or business operations in the later stages, with a low probability of generating future revenue. The appraised entity and relevant parties did not report or confirm these intangible assets for valuation purposes; therefore, they are excluded from the scope of this appraisal. The report user is reminded to pay attention to this.

Except for the matters specifically stated above, this valuation has not considered any other effects of the special matters on the valuation conclusion. Users of this report are hereby advised to take note.

X. LIMITATIONS ON USE OF THE ASSET VALUATION REPORT

(I) This Asset Valuation Report shall only be used for the purpose and objective of valuation as set out herein. At the same time, the conclusion of this valuation reflects the market value of the Valuation Subject determined under the "valuation assumptions and limitations" stated in this Asset Valuation Report for the specific purpose of this valuation. It does not take into account the impact of any past or future mortgages, pledges, guarantees, or similar matters that may be assumed. The asset valuers have neither considered the impact on the valuation price of the additional price that is possibly payable by special counterparties or transaction methods; The impact of natural forces and other force majeure events on asset values after the Valuation Reference Date has not been considered. The valuation conclusion did not consider relevant aspects such as expenses and taxes that may affect the net value of such assets if disposed of; nor did it consider the tax implications of the appreciation in value.

The valuation conclusion will be generally invalid when there are changes in the aforementioned valuation purposes, assumptions, and limitations. The valuation firm shall not bear any legal liabilities relating to the invalidation of the valuation result due to changes in these conditions.

(II) This Asset Valuation Report can only be used by the users stated in the Asset Valuation Report. The right to use this Asset Valuation Report belongs to the client. Without the client's permission, this valuation firm will not disclose it to others without authorization. The Company assumes no liability for any consequences arising from the improper use of this Asset Valuation Report and its conclusions by any entity or individuals.

(III) Any agencies and individuals, other than the Client, other users of the Asset Valuation Report as agreed in the Asset Valuation Engagement Contract, and the users of the Asset Valuation Report as stipulated by laws and administrative regulations, shall not be the users of this Asset Valuation Report.

(IV) Users of this Asset Valuation Report should correctly understand the valuation conclusion. The valuation conclusion does not equal the realisable price of the Valuation Subject, and the valuation conclusion should not be considered as the guarantee of the realisable price of the Valuation Subject.

(V) The extraction of, reference to or public disclosure of all or any part of this asset valuation report shall be subject to our review, unless otherwise provided in the laws or regulations or agreed between the relevant parties.

(VI) This Asset Valuation Report constitutes a professional conclusion issued by a qualified asset valuer in accordance with national laws and regulations. It may only be formally utilized after being stamped by the valuation firm and signed by the qualified asset valuer. Where relevant regulations require filing or approval for the asset valuation project, formal use is permitted only after obtaining the filing or approval.

(VII) In accordance with current regulations, the validity period for the effective use of this Asset Valuation Report and its conclusion is one year, calculated from the Valuation Reference Date. The validity period extends from 30 June 2025 to 29 June 2026.

(VIII) Restrictions on the Use of Valuation Reports Due to Limitations in the Valuation Process

None.

XI. DATE OF THE VALUATION REPORT

The valuation report date signifies the date on which the asset valuers finalised their professional opinions. The date of this valuation report is 12 March 2026.

Hunan Hengji Real Estate Land Asset Appraisal Co., Ltd.* Asset Valuer: Li Li (李力)

Changsha, the PRC Asset Valuer: Wang Lirong (汪麗榮)

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

(i) Directors', supervisors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors, supervisors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of 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 required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules.

(ii) Substantial shareholders' and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons/entities (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares which would be required 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 of the Company required to be kept under section 336 of the SFO:

Name of Shareholder/ Ultimate Controller	Nature of interest[1]	Type of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant type of Shares[2]	Approximate percentage of shareholding in the total issued Shares of the Company[3]
CSUDGCL	Beneficial owner	Unlisted Shares	114,000,000	95%	71.25%
	Interest held by a controlled corporation[4]	Unlisted Shares	6,000,000	5%	3.75%
Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner[5]	H Shares	9,208,000	23.02%	5.76%
RAYS Capital Partners Limited	Investment manager[5]	H Shares	9,208,000	23.02%	5.76%

Notes:

1. All interests stated are long positions.

2. The calculation is based on a total number of 160,000,000 Shares in issue (including 120,000,000 Unlisted Shares and 40,000,000 H Shares) as at the Latest Practicable Date.

3. The calculation is based on the total number of 160,000,000 Shares in issue as at the Latest Practicable Date.

4. Yuelushan Company is indirectly wholly-owned by CSUDGCL. Accordingly, CSUDGCL is deemed to be interested in such Shares held by Yuelushan Company for the purpose of the SFO.

5. Based on publicly available information, as at the Latest Practicable Date, RAYS Capital Partners Limited is the investment manager of Asian Equity Special Opportunities Portfolio Master Fund Limited. RAYS Capital Partners Limited is deemed to be interested in such Shares held by Asian Equity Special Opportunities Portfolio Master Fund Limited for the purpose of the SFO.

Mr. Yu Xiao, is the deputy general manager of the financial management department of CSUDGCL.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interest or short positions in the shares or underlying shares or debentures 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 required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

3. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of our Directors or supervisors has entered, or has proposed to enter, a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

4. DIRECTOR'S INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Listing Rules) had any existing or proposed services contracts with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to any member of the Group since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up) or were proposed to be acquired, disposed of by or leased to any member of the Group; and (ii) none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

7. EXPERTS

The followings are the qualifications of the experts who has each given its opinion or advice which are included in this circular:

Name	Qualification
Hunan Hengji Real Estate Land Asset Appraisal Co., Ltd.* (湖南恒基房地產土地資產評估有限公司)	An independent asset appraisal company in the PRC
China Sunrise Capital Limited	A licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO

* *for identification purposes only*

As at the Latest Practicable Date, each of the Independent Financial Adviser and the Independent Valuer :

(a) did not have any shareholding 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;

(b) did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2025, being the date up to which the latest published audited consolidated financial statements of the Group were made up; and

(c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which they respectively appear.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. DOCUMENTS ON DISPLAY

Copy of the following documents will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hollwingroup.com for a period of not less than 14 days from the date of this circular (inclusive):

(a) the Share Acquisition Agreement;

(b) the Letter from the Independent Board Committee, the full text of which is set out on pages 38 to 39 of this circular;

(c) the Letter from the Independent Financial Adviser, the full text of which is set out on pages IFA-1 to IFA-40 of this circular;

(d) the summary of the Valuation Report, the full text of which is set out in Appendix I to this circular;

(e) the written consent referred to in the section headed "7. Experts" of this appendix; and

(f) this circular.

泓盈集团
HOLLWIN

HOLLWIN URBAN OPERATION SERVICE GROUP CO., LTD
泓盈城市運營服務集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02529)

NOTICE OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the extraordinary shareholders' meeting (the "**ESM**") of Hollwin Urban Operation Service Group Co., Ltd (the "**Company**") will be held at Conference Room, 304, 3/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC on Tuesday, 30 June 2026 at 9:00 a.m. for the purposes of considering and, passing the resolutions set out below. Unless otherwise defined, capitalized terms herein shall have the same meaning as defined in the circular (the "**Circular**") of the Company dated 12 June 2026.

ORDINARY RESOLUTIONS

1. "**THAT** the Share Acquisition Agreement as defined in the circular of the Company dated 12 June 2026 (the "**Circular**"), a copy of the Circular marked "A" together with a copy of the Share Acquisition Agreement marked "B" being tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated under it be and are hereby approved, confirmed and ratified, and any director(s) of the Company be and are hereby authorised, for and on behalf of the Company, to take all steps and do all acts and things as they consider to be necessary, appropriate or expedient in connection with and to implement or give effect to the Share Acquisition Agreement and the transactions contemplated under it, and to execute all such other documents, instruments and agreements deemed by them to be incidental to, ancillary to, or in connection with, the Share Acquisition Agreement and the transactions contemplated under it."

2. "**THAT** the Proposed Change in Use of Proceeds as defined in the Circular be and hereby approved."

By order of the Board
Hollwin Urban Operation Service Group Co., Ltd
Mr. Xie Yi
Chairman and Executive Director

Changsha, Hunan Province, the PRC
12 June 2026

As at the date of this notice, the Board comprises Mr. Xie Yi, Mr. Yang Xin and Mr. Duan Wenming as executive Directors; Mr. Yu Xiao as non-executive Director; and Ms. Chan Ka Lai Vanessa, Dr. Dai Xiaofeng and Mr. Tse Chi Wai as independent non-executive Directors.

Notes:

(1) The ordinary resolutions to be considered at the ESM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

(2) Any shareholder entitled to attend and vote at the ESM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.

(3) In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and returned to the Company's H share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for H Shareholders), or the Company's head office and principal place of business at 9/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC (for Unlisted Share Shareholders), at least 24 hours before the ESM (i.e. before 9:00 a.m. on Monday, 29 June 2026) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude a shareholder from attending and voting at the ESM or any adjourned meeting thereof should he/she so wish.

(4) Record date (being the last date of registration of any share transfer given there will be no book closure) for determining the entitlement of the Shareholders to vote at the ESM will be Monday, 29 June 2026. In order to be eligible to attend and vote at the ESM, unregistered holders of the shares shall ensure all properly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on June 29, 2026 for registration.

(5) Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.

(6) Shareholders are required to produce proof of identity when attending the ESM.

(7) The contact details of the Company are as follows:

Address:	9/F, Building A1, Xiangjiang Times Square, No. 179, Pilot Road, Yuelu District, Changsha, Hunan Province, the PRC
Liaison:	Duan Wenming
Email:	ir@hollwingroup.com

(8) References to time and dates in this notice are to Hong Kong time and dates.