

20 May 2026

*To: The independent board committee and the independent shareholders
of Everbright Grand China Assets Limited*

Dear Sirs,

**MAJOR AND CONTINUING CONNECTED TRANSACTION:
NEW DEPOSIT SERVICE FRAMEWORK AGREEMENT
AND
CONTINUING CONNECTED TRANSACTION:
NEW LOAN SERVICE FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services and the Loan Services as contemplated under the New Framework Agreements (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 20 May 2026 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Given the expiry of the Deposit Service Framework Agreement and the Loan Service Framework Agreement, having considered the future needs and optimised the operation of the Group, the Company and China Everbright entered into: (i) the New Deposit Service Framework Agreement on 31 March 2026 for a term commencing from the date on which the approval from Independent Shareholders is obtained at the EGM and ending on 31 December 2028; and (ii) the

New Loan Service Framework Agreement on 31 March 2026 for a term of commencing from the date on which the approval from Independent Shareholders is obtained at the EGM and ending on 31 December 2030.

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Deposit Services also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The Independent Board Committee comprising Mr. Ho Kwai Ching Mark, Mr. Shek Lai Him Abraham, Mr. Lee Jor Hung and Mr. Wang Cheung Yue (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are fair and reasonable and on normal commercial terms; and (ii) whether the Transactions are in the interests of the Company and its Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which

have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 enquiry, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters omitted which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, China Everbright or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Transactions

Information of the Group

With reference to the Board Letter, the Company is an investment holding company principally engaged in property leasing, provision of property management services and sales of properties held for sale. As at the Latest Practicable Date, the premises owned by the Group included three commercial buildings, which are located in Chengdu, Sichuan province and Kunming, Yunnan province in the PRC. The Group's property management services include general property management services, value-added property management services and parking management services.

Set out below are the consolidated financial information of the Group for the three years ended 31 December 2025 as extracted from the Company's annual report for the year ended 31 December 2025 (the "2025 Annual Report") and the Company's annual report for the year ended 31 December 2024 (the "2024 Annual Report"):

	For the year ended 31 December 2025 ("FY2025") RMB'000 (audited)	For the year ended 31 December 2024 ("FY2024") RMB'000 (audited)	For the year ended 31 December 2023 ("FY2023") RMB'000 (audited)	Change from FY2024 to FY2025 %	Change from FY2023 to FY2024 %
Revenue	49,929	45,910	46,779	8.75	(1.86)
— Provision of property management services	15,893	15,363	13,545	3.45	13.42
— Gross rentals from investment properties	34,036	30,547	33,234	11.42	(8.09)
Gross profit	34,588	33,010	34,617	4.78	(4.64)
Profit for the year attributable to equity shareholders of the Company	19,528	25,260	19,258	(22.69)	31.17

FY2023 vs FY2024

As illustrated in the above table, the Group's revenue decreased from approximately RMB46.78 million for FY2023 to approximately RMB45.91 million for FY2024, representing a decrease of approximately 1.86%. With reference to the 2024 Annual Report, such decrease was mainly attributable to reduction in rental income from investment properties. Along with the aforesaid decrease in revenue, the Group's gross profit for FY2024 decreased by approximately 4.64% as compared to that for FY2023.

Despite the aforesaid decreases in the Group's revenue and gross profit, the Group's profit attributable to equity shareholders of the Company for FY2024 increased substantially by approximately 31.17% as compared to that for FY2023. With reference to the 2024 Annual Report, such increase was mainly due to increase in net foreign exchange gain and valuation gains on investment properties.

FY2024 vs FY2025

As illustrated in the above table, the Group's revenue increased from approximately RMB45.91 million for FY2024 to approximately RMB49.93 million for FY2025, representing an increase of approximately 8.75%. With reference to the 2025 Annual Report, such increase was mainly driven by increase in gross rentals from investment properties. Along with the aforesaid increase in revenue, the Group's gross profit for FY2025 also increased by approximately 4.78% as compared to that for FY2024.

Despite the aforesaid increases in the Group's revenue and gross profit, the Group's profit attributable to equity shareholders of the Company for FY2025 decreased by approximately 22.69% as compared to that for FY2024. With reference to the 2025 Annual Report, such decrease was mainly due to the increase in dividend withholding tax and deferred tax recognized in 2025.

Set out below is a summary of (a) cash and cash equivalents; and (b) fixed deposits, of the Group as at each of 31 December 2023, 31 December 2024 and 31 December 2025, as extracted from the 2024 Annual Report and 2025 Annual Report:

	As at 31 December 2025 RMB'000 (audited)	As at 31 December 2024 RMB'000 (audited)	As at 31 December 2023 RMB'000 (audited)
Cash and cash equivalents	130,972	231,498	154,244
Fixed deposits	104,428	Nil	67,967

As illustrated in the above table, the Group's cash and cash equivalents were approximately RMB154.24 million, approximately RMB231.50 million and approximately RMB130.97 million as at 31 December 2023, 31 December 2024 and 31 December 2025 respectively. The Group also had fixed deposits of approximately RMB67.97 million and approximately RMB104.43 million as at 31 December 2023 and 31 December 2025 respectively.

Information of China Everbright and CE Bank

With reference to the Board Letter, China Everbright is a state-owned enterprise established on 8 December 2014 after the restructuring from China Everbright (Group) Corporation, with its registered capital mainly contributed by the Ministry of Finance of the PRC and Central Huijin Investment Ltd. China Everbright is a financial conglomerate which, through its subsidiaries and associates, engages in a diverse range of businesses including banking, securities and asset management.

With reference to the Board Letter, CE Bank is one of the major commercial banks in the PRC and primarily engages in the commercial banking business, including retail banking, corporate banking and treasury operation. CE Bank is a subsidiary of China Everbright due to consolidation of its financial statements into those of China Everbright.

Reasons for and benefits of the Transactions

Deposit Services

With reference to the Board Letter, CE Bank has been providing the Deposit Services to the Group prior to the listing of the Company on the Stock Exchange in 2017, which has developed a deep understanding of the capital needs and business model of the Group. Moreover, CE Bank

offers lower handling fees for internal settlements among members of the Group and settlements to third parties through CE Bank accounts when compared to other bank accounts, and most of the miscellaneous fees are waived for the Deposit Services provided by CE Bank. In view of the stability and reliability of the Deposit Services in previous years, the Directors believe that CE Bank is well-positioned to serve the financial needs of the Group, and it is expected that it will be cost-efficient, expedient and beneficial for the Group to use the Deposit Services.

Moreover, the Group will receive interest on the Deposit Services at interest rates which are no less favourable than those offered by any independent third party for comparable deposits. This arrangement allows the Group to achieve a more efficient use of its current capital.

In addition, CE Bank is regulated by the National Financial Regulatory Administration and the Hong Kong Monetary Authority and is subject to the rules and requirements of such regulatory authorities, which will reduce risks to the Group in receiving the Deposit Services.

Loan Services

With reference to the Board Letter, the Directors believe that CE Bank is well-positioned to serve the financial needs of the Group because CE Bank has a thorough understanding of the operations and development needs of the Group, and the Group will only be required to pay interests on the Loan Services at rates which are no less favourable than those offered by any independent third party for comparable loans. Therefore, it is expected that the transactions contemplated under the New Loan Service Framework Agreement would be cost-efficient, expedient and beneficial for the Group.

In addition, CE Bank is regulated by the National Financial Regulatory Administration and the Hong Kong Monetary Authority and is subject to the rules and requirements of such regulatory authorities, which will reduce risks to the Group in receiving the Loan Services from CE Bank.

Furthermore, the Directors believe that it is important for the Group to have more readily available funding for capturing suitable investment opportunities which arise at any time. In the event that the Company identifies any suitable property investment opportunity, the Company will perform valuation and due diligence on the property to assess if it is beneficial for the Group to proceed with the investment. For insolvent property investment opportunity, the Company will also engage professional advisers to perform due diligence in order to identify if there is any defect, potential claims by other relevant parties, costs and barriers of the recovery process of the insolvent property before deciding whether to make such investment. The Company will comply with the relevant requirements of the Listing Rules as and when the investment materialises.

The Directors are of the view that it is reasonable for the term of the New Loan Service Framework Agreement to be longer than three years and it is the market practice to enter into long-term loans for more than three years to finance acquisitions of sizeable properties based on the following factors:

- (1) financing arrangements of this kind are in line with prevailing market practice and taking into account the nature and scale of the transactions, typically structured with a tenure exceeding three years, so as to ensure alignment with the long-term funding requirements and cash flow profile of such transactions; and
- (2) the Group's payments on the costs of the property acquisition are to be effective over a longer period, which provides flexibility to the Group and allows sufficient time for the Group to generate adequate cash flow for the purpose of repayment without creating unreasonable stress to the planning of working capital by the Group.

Having considered (i) that the Transactions are required for the Group's business operation; and (ii) the reasons for and benefits of the Transactions as set out above, we concur with the Directors' view that the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted under the ordinary and usual course of business of the Group.

2. Principal terms of the New Framework Agreements

New Deposit Service Framework Agreement

Principal terms of the New Deposit Service Framework Agreement are set out below:

Date:	31 March 2026
Parties:	(i) the Company; and (ii) China Everbright.
Description of the transactions:	China Everbright shall procure CE Bank to provide the Deposit Services to members of the Group for a term commencing from the date on which the approval from Independent Shareholders is obtained at the EGM to 31 December 2028. The New Deposit Service Framework Agreement shall be non-exclusive, and the Group is at liberty to obtain deposit services from other third parties.

The relevant parties shall enter into separate Deposit Agreements to set out the specific provisions of the Deposit Services, and the terms and conditions of the Deposit Agreements shall be determined by the relevant parties in accordance with the terms of the New Deposit Service Framework Agreement.

The term of each of the Deposit Agreements shall not exceed the term of the New Deposit Service Framework Agreement.

Pricing policy:

The interest rates payable by CE Bank to the Group in respect of the Deposit Services shall:

- (i) be determined based on arm's length negotiations between CE Bank and the Group with reference to the prevailing interest rate for similar deposit services which can be obtained by the Group from independent third parties and on normal commercial terms;
- (ii) not be lower than the interest rates to be paid by other independent third parties; and
- (iii) be in compliance with the rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC (including the National Financial Regulatory Administration and the Hong Kong Monetary Authority).

For our due diligence purpose, we obtained a list of deposit balances regarding deposit placed by the Group with CE Bank (the "Connected Deposit Balance(s)") for the three years ended 31 December 2025 (the "Deposit List"). We randomly selected one Connected Deposit Balance from the Deposit List for each of the three years ended 31 December 2025 (i.e. three Connected Deposit Balances were selected in total). As the selected Connected Deposit Balance were selected on random basis and covered the period for the three years ended 31 December 2025, we consider that the selected Connected Deposit Balances are fair and representative. Upon our request, the Company provided us with the deposit records on the selected Connected Deposit Balances, together with the corresponding deposit records regarding the same type of deposit placed by the Group with other independent third parties for the same period. We noted from the aforementioned documents that the interest rates offered by CE Bank were not less than those offered by independent third parties.

In order to ensure that the pricing policy in each of the New Framework Agreements is adhered to, the Group has the internal control procedures and policies as set out under the section headed “3. Internal Control Measures” of the Board Letter (the “**IC Procedures & Policies**”).

We consider that the effective implementation of the IC Procedures & Policies would help to ensure fair determination of the interest rates for the Deposit Services.

With reference to the 2025 Annual Report, the independent non-executive Directors have reviewed, for the purpose of Rule 14A.55 of the Listing Rules, amongst others, the Deposit Services for FY2025 and confirmed that the Deposit Services have been entered into by the Group (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or better; and (iii) in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Company’s shareholders as a whole.

With reference to the 2025 Annual Report and as confirmed by the Directors, pursuant to Rule 14A.56 of the Listing Rules, the Company’s auditors were engaged to report on, amongst others, the Deposit Services for FY2025 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The Company’s auditors have not qualified its report in respect of the Deposit Services.

Proposed annual caps

The historical figures and annual caps of the Deposit Services for the three years ending 31 December 2025 are set out as follows:

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2025 RMB'000
Maximum daily balance of deposits (including interests accrued thereon) placed by the Group with CE Bank	26,446	16,808	28,512
Annual caps	38,000	38,000	38,000
Utilisation rate (%)	69.59	44.23	75.03

The proposed annual caps of the Deposit Services (the “Deposit Cap(s)”) for the three years ending 31 December 2028 are set out as follows:

	For the year ending 31 December 2026 (“FY2026”) RMB'000	For the year ending 31 December 2027 (“FY2027”) RMB'000	For the year ending 31 December 2028 (“FY2028”) RMB'000
Maximum daily balance of deposits (including interests accrued thereon) to be placed by the Group with CE Bank	38,000	38,000	38,000

We noted that the Deposit Caps are determined with reference to the factors set out under the sub-section headed “Proposed annual caps” under the section headed “1. New Deposit Services Framework Agreement” of the Board Letter.

According to the above table, the utilization rates of the existing annual caps were approximately 69.59% for FY2023, approximately 44.23% for FY2024 and approximately 75.03% for FY2025 (the “Deposit Utilization Rates”).

With reference to the 2024 Annual Report and the 2025 Annual Report, the Group's cash and cash equivalents were approximately RMB154.24 million as at 31 December 2023, approximately RMB231.50 million as at 31 December 2024 and approximately RMB130.97 million as at 31 December 2025. The Group also had fixed deposits of approximately RMB67.97 million and approximately RMB104.43 million as at 31 December 2023 and 31 December 2025 respectively.

Having considered (i) the Deposit Utilization Rates; and (ii) the Deposit Caps represent less than 20% of the sum of the Group's cash and cash equivalents and fixed deposits (if any) as at 31 December 2023, 31 December 2024 and 31 December 2025, we are of the view that it is justifiable for the Company to maintain the Deposit Caps at RMB38 million. Accordingly, we consider the Deposit Caps for the three years ending 31 December 2028 to be fair and reasonable.

Shareholders should note that as the Deposit Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of deposit amount under the Deposit Services. Consequently, we express no opinion as to how closely the actual deposit amount under the Deposit Services will correspond with the Deposit Caps.

Having considered the principal terms of the Deposit Services as set out above, we consider the terms of the Deposit Services (including the Deposit Caps) to be fair and reasonable.

New Loan Service Framework Agreement

Principal terms of the New Loan Service Framework Agreement are set out below:

Date: 31 March 2026

Parties: (i) the Company; and

(ii) China Everbright.

Description of the transactions: China Everbright shall procure CE Bank to provide the Loan Services to members of the Group for a term of commencing from the date on which the approval from Independent Shareholders is obtained at the EGM to 31 December 2030. The New Loan Service Framework Agreement shall be non-exclusive, and the Group is at liberty to obtain loan services from other third parties.

The relevant parties shall enter into separate Loan Agreements to set out the specific provisions of the Loan Services, and the terms and conditions of the Loan Agreements shall be determined by the parties in accordance with the terms of the New Loan Service Framework Agreement.

The term of each of the Loan Agreements shall not exceed the term of the New Loan Service Framework Agreement.

Subject to the terms and conditions of the Loan Agreements, security over the Group's assets and rental income received from its leasing business may be required for the Loan Services.

Pricing policy:

The interest rate payable by the Group to CE Bank in respect of the Loan Services shall:

- (i) be determined based on arm's length negotiations between CE Bank and the Group with reference to the prevailing interest rate for similar loan services which can be obtained by the Group from independent third parties and on normal commercial terms;
- (ii) not be higher than the interest rates to be charged by other independent third parties; and
- (iii) be in compliance with the rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC (including the National Financial Regulatory Administration and the Hong Kong Monetary Authority).

As the Group did not utilise any Loan Services for the five years ended 31 December 2024 (as governed by the Loan Service Framework Agreement), we could not make comparison between the Loan Services and loan services provided by independent third parties to the Group.

In order to ensure that the pricing policy in each of the New Framework Agreements is adhered to, the Group has the IC Procedures & Policies as set out under the section headed "3. Internal Control Measures" of the Board Letter.

We consider that the effective implementation of the IC Procedures & Policies would help to ensure fair determination of the interest rates for the Loan Services.

As aforementioned, China Everbright shall procure CE Bank to provide the Loan Services to members of the Group for a term of five years from 1 January 2026 to 31 December 2030. In assessing the reasons for the duration of the New Loan Service Framework Agreement to be longer than three years, we enquired into the Directors and the Directors advised us that the Group will obtain the Loan Services mainly for acquisition of properties. We consider that obtaining long-term loans to finance acquisitions of properties can ease the financial burden of and provide more flexibility to the Group.

As advised by the Directors, members of the Group may obtain Loan Services from CE Bank branches in Hong Kong and the PRC.

In considering whether it is normal business practice for agreements of similar nature (i.e. loan facilities obtained from banks/financial institutions) with the New Loan Service Framework Agreement with term of more than three years, we researched over the internet and noted from the websites of (i) HSBC Holdings plc (stock code: 5), Hang Seng Bank Limited, The Bank of East Asia Limited (stock code: 23), Standard Chartered PLC (stock code: 2888) and BOC Hong Kong (Holdings) Limited (stock code: 2388) (being major commercial banks in Hong Kong); and (ii) Bank of China Limited (3988 & SH601988), China Construction Bank Corporation (stock code: 939), Industrial and Commercial Bank of China Limited (stock code: 1398) and Agricultural Bank of China Limited (stock code: 1288) (being major commercial banks in the PRC), that they offered mortgage loan tenors up to 30 years. We also conducted research on bank borrowings of companies listed on the Stock Exchange which are engaged in similar line of business as the Company's major business, being property leasing business (and not as a property developer), and derived a majority of their turnover/revenue from such business based on their respective latest annual financial information ("**Comparable Companies**") (the list of Comparable Companies below is exhaustive based on our selection criteria). We noted from the Comparable Companies' latest published annual reports that their bank borrowings were repayable over a period of time (from their respective year-end date) as set out below:

Company name (stock code)	Principal businesses	Year-end date	Borrowings repayable (year)
Hang Lung Group Limited (10)	Principally engaged in (i) property leasing; (ii) property sales; and (iii) hotels operations.	31 December 2025	From within 1 year to more than 5 years

Company name (stock code)	Principal businesses	Year-end date	Borrowings repayable (year)
China Asia Valley Group Limited (63)	Principally engaged in (i) property investment; (ii) horticultural services and sale of plants, property management and other related services; and (iii) construction services.	31 December 2025	Within 1 to 5 years
Hang Lung Properties Limited (101)	Principally engaged in (i) property investment for rental income; (ii) property development for sales and leasing; and (iii) car park management and property management.	31 December 2025	From within 1 year to more than 5 years
Silver Grant International Holdings Group Limited (171)	Principally engaged in the property leasing.	31 December 2025	Within 1 year
SOHO China Limited (410)	Principally engaged in (i) real estate development; and (ii) the provision of property leasing and related services.	31 December 2025	From within 1 year to more than 5 years
Multifield International Holdings Limited (898)	Principally engaged in (i) property investment; (ii) the provision of serviced apartment and property management services; and (iii) the trading and investments of securities.	31 December 2025	From within 1 year to more than 5 years

Company name (stock code)	Principal businesses	Year-end date	Borrowings repayable (year)
Chinlink International Holdings Limited (997)	Principally engaged in (i) leasing of property and provision of property management services; and (ii) financial guarantee services and other financing services.	31 March 2025	From within 1 year to more than 5 years
Red Star Macalline Group Corporation Ltd. (1528 & SH601828)	Principally engaged in (i) leasing floor areas to the tenants and providing comprehensive and continuous operation and management support; (ii) providing initiation, consultation and management services, building installation, decorating services and related decorating services; and (iii) development and management of the shopping malls.	31 December 2025	From within 1 year to more than 5 years
Xinji Shaxi Group Co., Ltd (3603)	Principally engaged in (i) property leasing; and (ii) property management services.	31 December 2025	From within 1 year to more than 5 years

Source: *The Stock Exchange website*

As depicted from the above table, it is not uncommon for the Comparable Companies to have bank borrowings repayable in a period of 5 years or more.

In addition, the Company also randomly provided and we reviewed three loan agreements (for the purpose of property-related equipment/facilities purchase, property renovation or loan repayment) entered into between the Company and independent third parties (i.e. banks) in 1998 and 2010 with terms ranged from 5 years to 12 years.

Taking into account of the above, we confirm that the duration of the New Loan Service Framework Agreement, which is longer than three years is required and it is normal business practice for the New Loan Service Framework Agreement to be of such duration.

Annual caps of the Loan Services

The historical figures and annual caps of the Loan Services for the three years ended 31 December 2025 are set out as follows:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2024 RMB'000
Maximum daily balance of loans provided by CE Bank to the Group	Nil	Nil	Nil	Nil	Nil
Annual caps	350,000	350,000	350,000	300,000	300,000
Utilisation rate (%)	Nil	Nil	Nil	Nil	Nil

Note: With reference to the Board Letter, for the period from 1 January 2025 up to the Latest Practicable Date, the Group did not enter into any loan transactions with CE Bank or otherwise, and the actual transaction amount for such period was nil.

The proposed annual caps of the Loan Services (the “Loan Cap(s)”) are set out as follows:

	For the year ending 31 December				
	2026 RMB'000	2027 RMB'000	2028 RMB'000	2029 RMB'000	2030 RMB'000
Maximum daily balance of loans to be provided by CE Bank to the Group	350,000	350,000	350,000	350,000	350,000

We noted that the Loan Caps are determined with reference to the factors set out under the sub-section headed “Proposed annual caps” under the section headed “2. New Loan Service Framework Agreement” of the Board Letter.

Although the Group did not utilise any Loan Services for the five years ended 31 December 2024 and for the period from 1 January 2025 up to the Latest Practicable Date, with reference to the Board Letter, the Group has been looking for investment opportunities in properties that are of similar scale and grading as compared to the premises currently owned by the Group (the “Premises”) as at 31 December 2025 (the “Potential Acquisition(s)”) to further broaden its property portfolio within and outside the PRC. With reference to the market value of the Premises

as at 31 December 2025, the purchase prices of the Potential Acquisitions may range from approximately RMB200 million to RMB380 million, which are anticipated to be financed by internal resources and the Loan Services.

With reference to the Board Letter:

- (i) The Group intended to expand its property portfolio by acquiring properties in the United Kingdom, following an extended period of market inactivity and uncertain investment prospects. The Group conducted site visits and research and has been liaising with property agents for acquisition of properties in the United Kingdom London that fit the Group's selection criteria and development strategy.
- (ii) As part of its preliminary market exploration and ongoing evaluation of overseas opportunities, the Group has identified three specific property targets in the United Kingdom (the "UK Targets"), including two student accommodation buildings, and a mixed-use retail and office premises. The indicative purchase prices for the UK Targets range from approximately RMB100 million to RMB320 million. The Group has conducted initial research, held preliminary discussions with agents, reviewed available marketing and planning materials, and is undertaking further investment analysis and feasibility studies.

For our due diligence purpose, we obtained a list of the Potential Acquisitions (including the UK Targets) and noted that the indicative purchase prices of the Potential Acquisitions (including the UK Targets) ranged from RMB60 million to RMB320 million, which indicates the possible demand for Loan Services for the five years ending 31 December 2030. We also obtained the Company's internal analysis for the UK Targets and minutes of the Company's investment committee meeting held in December 2025 which recorded its discussion on the United Kingdom market and one of the UK Targets.

Should the Potential Acquisitions (including the UK Targets) materialise, the Loan Caps of RMB350 million per annum for the five years ending 31 December 2030 are required to finance the Potential Acquisitions (including the UK Targets).

Accordingly, we consider that the Loan Caps for the five years ending 31 December 2030 to be fair and reasonable.

Shareholders should note that as the Loan Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2030, and they do not represent forecasts of loans under the Loan Services. Consequently, we express no opinion as to how closely the actual loans under the Loan Services will correspond with the Loan Caps.

Having considered the principal terms of the Loan Services as set out above, we consider the terms of the Loan Services (including the Loan Caps) to be fair and reasonable.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum values of the Transactions must be restricted by the annual caps for the period concerned under the New Framework Agreements; (ii) the terms of the New Framework Agreements must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the New Framework Agreements must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision or procurement of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the proposed annual caps. In the event that the maximum amounts of the Transactions are anticipated to exceed the annual caps, or that there is any proposed material amendment to the terms of the New Framework Agreements, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into account that above factors and reasons, we are of the opinion that (i) the Transactions are conducted under the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Transactions are on normal commercial terms and are fair and reasonable. Accordingly, we

recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited



Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.