Gram Capital Limited
嘉林資本有限公司

3 September 2026

To: The Independent Board Committee and the Independent Shareholders of Chengdu Expressway Co., Ltd.

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION SUBSCRIPTION OF LIMITED PARTNER INTERESTS IN A FUND

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 Partnership Agreement and the transactions contemplated thereunder (the "**Transaction**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 3 September 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.

On 31 August 2026, Energy Development Company, a subsidiary of the Company (as a new junior limited partner), entered into the Partnership Agreement with Chengdu Communications Investment Zhuoyue Fund (as the fund manager and general partner) (the "**Fund Manager**"), Chengdu Communications Investment Capital (as a junior limited partner), other general partner, senior limited partners and junior limited partners, pursuant to which (i) Energy Development Company, as a new junior limited partner, subscribed for RMB150 million, representing 15% of the total capital commitment of the Fund; and (ii) Xiamen International Trust, Jiaozi Kechan M&A Fund and Chengdu Mengjiang, as new senior limited partners, subscribed for RMB200 million, RMB200 million and RMB100 million, respectively, representing 20%, 20% and 10% of the total capital commitment of the Fund, respectively. Upon completion of the transaction, the Company's investment in the Fund will be accounted for as a long-term equity investment. Profits of the Fund will be recognised as investment income of the Company on an annual basis in proportion to the Company's equity interest in the Fund. The Fund will not become a subsidiary of the Company and will not be included in the Company's consolidated financial statements.

With reference to the Board Letter, the Transaction, on an aggregated basis, constitutes (i) a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but are exempted from Shareholders' approval requirement under Chapter 14 of the Listing Rules; and (ii) a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Leung Chi Hang Benson, Mr. Qian Yongjiu and Mr. Wang Peng, being all of the independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms or better and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of the business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction 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 (a) the Company; and (b) parties to the Partnership Agreement; or (ii) any services (including independent financial advisory services) provided by Gram Capital to (a) the Company; and (b) parties to the Partnership Agreement, 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.

In connection with this engagement as the Independent Financial Adviser, apart from the normal professional fee and expenses payable to us, there is no arrangement whereby we shall be entitled to receive any other fees or benefits from the Company, the Directors, chief executive of the Company or substantial Shareholders or any of their respective associates.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser

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 Transaction. 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.

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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 Group. The Directors, having made all reasonable enquiries, 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 the omission of 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, Chengdu Communications Investment Zhuoyue Fund, Lok Capital, Chengdu Communications Investment Capital, Energy Development Company, PCG Power, Xiamen International Trust, Jiaozi Kechan M&A Fund, Chengdu Mengjiang or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. 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 Transaction, we have taken into consideration the following principal factors and reasons:

A. BACKGROUND OF AND REASONS FOR THE TRANSACTION

Information on the Group

With reference to the Board Letter, the Group is primarily engaged in the operation, management and development of expressways in and around Chengdu, Sichuan Province as well as retail of refined oil products, and also expands into operation of natural gas and new energy business.

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

	For the year ended 31 December 2025 *RMB*	For the year ended 31 December 2024 *RMB*	Year on year change *%*
Revenue	2,928,652,977	2,915,386,143	0.46
– Expressway segment	1,629,022,798	1,612,188,802	1.04
– Energy segment	1,299,630,179	1,303,197,341	(0.27)
Gross profit	1,094,834,839	1,069,558,207	2.36
Net profit attributable to shareholders of the Company	552,386,167	519,517,638	6.33

As depicted from the above table, the Group's revenue was approximately RMB2,928.65 million for the year ended 31 December 2025 ("**FY2025**"), representing an increase of approximately 0.46% as compared to that for the year ended 31 December 2024 ("**FY2024**"). With reference to the 2025 Annual Report, such increase was due to the increase of approximately 1.04% in the Group's revenue from expressway segment, but offset by the decrease of approximately 0.27% in the Group's energy segment.

The increase in revenue generated from the Group's expressway segment, was mainly attributable to the combined effect of (i) the decrease of approximately 0.34% (or RMB4,814,266) in the toll income from expressway segment, which mainly results from the decrease of approximately 0.63% in the expressway daily weighted average traffic volume; (ii) the increase of approximately 24.98% (or RMB24,942,234) in the revenue from operation and management services of expressway segment, which was primarily attributable to the opening and operation of the new toll station on Sichuan Chengmian Cangba Expressway during FY2025, resulting in an expansion of the scope of the Group's operation and management services; (iii) the increase of approximately 1.19% (or RMB454,408) in the revenue from construction services of expressway segment, which was primarily derived from the corresponding construction income recognised by the Group based on the progress of certain construction project during FY2025; (iv) the increase of approximately 23.50% (or RMB4,217,161) in the revenue from maintenance services of expressway segment, which was primarily due to the opening of new sections on both of Chengdu Tianfu International Airport Expressway and Pujiang-Dujiangyan Section of Chengdu Economic Zone Ring Expressway, resulting in an expansion in the scope of the Group's maintenance services; (v) the decrease of approximately 53.64% (or RMB8,717,500) in the asset rental income of expressway segment, which was mainly due to the decrease in asset rental services on Chengdu Shuangliu Airport Expressway during FY2025; (vi) the decrease of approximately 0.32% (or RMB22,809) in the forward traffic volume compensation of expressway segment, which was primarily attributable to the Chengguan Expressway Pidu east (five-ring interconnection) transformation project; and (vii) the increase of approximately 306.49% (or RMB774,768) in the other income of expressway segment, which was primarily due to operating grants for new service areas.

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The decrease in revenue generated from the Group's energy segment was mainly attributable to the combined effect of (i) the decrease of approximately 3.45% (or RMB43,445,369) in the revenue from sales of refined oil of energy segment, which was mainly due to the fact that domestic refined oil prices trended downward overall in 2025 and domestic refined oil market continued to face challenges from alternative energy sources, which persistently suppressed gasoline and diesel consumption in China; (ii) the increase of approximately 0.99% (or RMB253,277) in the revenue from convenience stores of energy segment, which was mainly attributable to an increase in revenue resulting from increase in the number of convenience stores; (iii) the increase of approximately 780.30% (or RMB20,027,021) in charging pile service fee income of energy segment, which was mainly due to service fee income generated by newly commissioned charging stations during FY2025; (iv) the increase of approximately 1,102.71% (or RMB19,388,207) in gas refueling income of energy segment, which was mainly due to the revenue from gas stations operated by the Group increased; (v) the increase of approximately 89.95% (or RMB2,585,129) in asset rental income of energy segment, which was mainly due to additional rental income from battery swap stations during FY2025; (vi) the decrease of approximately 41.74% (or RMB2,976,813) in the revenue from operation and management services of energy segment, which was primarily due to the lower-than-expected sales volume from certain petrol stations under entrusted management of the Group; (vii) the decrease of approximately 86.56% (or RMB1,359,620) in the revenue from construction services of energy segment, which was primarily because the Group provided external construction services during FY2024 while such services decreased during FY2025, resulting in a reduction in construction revenue; and (viii) the increase of approximately 116.86% (or RMB1,961,006) in other income of energy segment, which was mainly due to the increase in parking fee income driven by the growth in charging pile services as aforementioned.

In addition, the Group's gross profit also increased from approximately RMB1,069.56 million for FY2024 to approximately RMB1,094.83 million for FY2025, representing an increase of approximately 2.36%. With reference to the 2025 Annual Report, such increase was mainly due to the increase of approximately 3.43% in the gross profit of expressway segment, which was primarily due to an increase in revenue from operation and management services and maintenance service, as well as a decline in cost of the expressway segment, but partially offset by the decrease of approximately 2.26% in the gross profit of energy segment, which was primarily due to a decline in revenue from sales of oil products.

Moreover, the Group's net profit attributable to shareholders of the Company also increased from approximately RMB519.52 million for FY2024 to approximately RMB552.39 million for FY2025, representing an increase of approximately 6.33%. With reference to the 2025 Annual Report, such increase was mainly due to (i) the aforementioned increases in the Group's revenue and gross profit; and (ii) the increase of approximately 216.34% in the Group's non-operating income, which was mainly attributable to the newly recorded temporary lane occupation compensation during FY2025.

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Set out below are the Group's unaudited consolidated financial information for the six months ended 30 June 2026 (with comparative figures for the corresponding period in 2025) as extracted from the Company's interim results announcement for the six months ended 30 June 2026 (the "**2026 IR Announcement**"):

	For the six months ended 30 June 2026 *RMB*	For the six months ended 30 June 2025 *RMB*	Year on year change *%*
Revenue	1,361,886,622	1,416,963,434	(3.89)
– Expressway segment	734,367,465	772,650,716	(4.95)
– Energy segment	627,519,157	644,312,718	(2.61)
Gross profit	509,232,395	530,780,431	(4.06)
Net profit attributable to shareholders of the Company	258,115,781	262,444,862	(1.65)

As depicted from the above table, the Group's revenue was approximately RMB1,361.89 million for the six months ended 30 June 2026 ("**1H2026**"), representing a decrease of approximately 3.89% as compared to that for the six months ended 30 June 2025 ("**1H2025**"). With reference to the 2026 IR Announcement, such decrease was due to the decrease of approximately 4.95% in the Group's revenue from expressway segment and the decrease of approximately 2.61% in the Group's revenue from energy segment.

The decrease in revenue generated from the Group's expressway segment was mainly attributable to the combined effect of (i) the decrease of approximately 9.43% (or RMB63,749,138) in the toll income from expressway segment, which was mainly due to the exemption of vehicle toll fees for all vehicles traveling on Chengdu Airport Expressway with effect from 24:00 on 26 December 2025; (ii) the increase of approximately 0.19% (or RMB113,955) in the revenue from operation and management services of expressway segment, which was generally in line with that of 1H2025; (iii) the increase of approximately 120.39% (or RMB25,499,707) in the revenue from construction services of expressway segment, which was primarily derived from the corresponding construction income recognised by the Group based on the progress of certain construction project during 1H2026; (iv) the decrease of approximately 29.64% (or RMB2,758,794) in the revenue from maintenance services of expressway segment, which was primarily due to a decrease in the number of road maintenance projects involved in the 3 expressways operated under entrusted management as compared with that for 1H2025; and (v) the increase of approximately 36.45% (or RMB2,611,019) in the other income of expressway segment, which was primarily due to the increase in rental income as compared with that for 1H2025.

The decrease in revenue generated from the Group's energy segment was mainly attributable to the combined effect of (i) the decrease of approximately 2.21% (or RMB13,209,820) in the revenue from sales of refined oil of energy segment, which was mainly attributable to a decrease in sales volume of refined oil as compared with that for 1H2025 due to the impact of new energy industry; (ii) the increase of approximately 13.48% (or RMB1,479,625) in charging pile service fee income of energy segment, which was mainly due to service fee income generated by newly commissioned charging stations during 1H2026; (iii) the decrease of approximately 26.07% (or RMB4,288,393) in the revenue from convenience stores of energy segment, which was mainly attributable to a year-on-year decrease in revenue from convenience stores as a result of decreased customer traffic; (iv) the decrease of approximately 1.37% (or RMB145,918) in gas refueling income of energy segment, which was mainly attributable to the decrease in the sales volume of gas stations as compared with those for 1H2025 due to the impact of new energy industry; (v) the increase of approximately 31.58% (or RMB794,999) in the revenue from operation and management services of energy segment, which was primarily due to the revenue generated from the operation and management of newly added charging piles during 1H2026; (vi) the increase of approximately 20.97% (or RMB127,511) in the revenue from construction services of energy segment, which was primarily due to the construction revenue generated from the external provision of newly added charging piles during 1H2026; and (vii) the decrease of approximately 33.97% (or RMB1,551,565) in other income of energy segment, which was mainly due to the decrease in rental income as compared with that for 1H2025.

In addition, the Group's gross profit also decreased from approximately RMB530.78 million for 1H2025 to approximately RMB509.23 million for 1H2026, representing a decrease of approximately 4.06%. With reference to the 2026 IR Announcement, such decrease was mainly due to the aforementioned decrease in the Group's revenue.

Moreover, the Group's net profit attributable to shareholders of the Company also decreased from approximately RMB262.44 million for 1H2025 to approximately RMB258.12 million for 1H2026, representing a decrease of approximately 1.65%. With reference to the 2026 IR Announcement, such decrease was mainly due to (i) the aforementioned decreases in the Group's revenue and gross profit; and (ii) the increase of approximately 10.17% in the Group's administrative expenses, which was mainly attributable to an increase in labour costs as compared with that for 1H2025.

Information on Energy Development Company

Energy Development Company is a joint stock company incorporated in the PRC with limited liability, and a non-wholly-owned subsidiary of the Company which is held as to 94.49% and 5.51% by the Company and Chengdu Communications Investment Property Company Limited (成都交投置業有限公司), an indirect wholly-owned subsidiary of Chengdu Communications Investment. It is principally engaged in the retail of refined oil products, and also operates natural gas and new energy businesses through its joint ventures and associates.

Information on General partners

The general partners are Chengdu Communications Investment Zhuoyue Fund (also being the Fund Manager and the executive partner) and Lok Capital (also being the executive partner).

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Chengdu Communications Investment Zhuoyue Fund is a limited liability company incorporated in the PRC in December 2017 with a registered capital of RMB50 million, and a wholly-owned subsidiary of Chengdu Communications Investment Capital, serving as the primary platform for the equity investment and fund management business of Chengdu Communications Investment Capital. It obtained private fund manager registration qualification from the Asset Management Association of China on 25 November 2021 and is the sole company under Chengdu Communications Investment holding a fund manager license. It is principally engaged in private fund management, equity investment and other related businesses. Chengdu Communications Investment Zhuoyue Fund has established an organisational structure comprising an investment department, a fund operations department, a risk control department and a general administration/finance department, covering functions such as investment, fundraising and fund operations, risk management and compliance, and general administration and finance. Its senior management and core personnel have relevant experience in banking, trust, equity investment, risk management and industrial investment. At present, Chengdu Communications Investment Zhuoyue Fund manages five funds with total committed capital of approximately RMB1.5 billion, demonstrating its practical and mature operational experience in fund establishment, fundraising, investment and post-investment management.

Lok Capital is a company incorporated in the PRC with limited liability, and a new energy asset management and operation platform jointly established by PCG Power and GLP Capital. It is principally engaged in management and operation of energy assets and real estate under its shareholders. Lok Capital is owned as to 51% by Unity CMC Holdings Limited (**"Unity CMC"**), 40% by Luochen (Quzhou) Enterprise Management Consulting Partnership (Limited Partnership) (洛辰(衢州)企業管理諮詢合夥企業(有限合夥)), and 9% by PCG Power. Unity CMC is indirectly controlled by GLP Pte. Ltd. (**"GLP"**), a global leading thematic investment institution and industrial operator focused on sectors with broad market space and long-term growth drivers, including logistics, digital infrastructure and renewable energy. The executive partner of Luochen (Quzhou) Enterprise Management Consulting Partnership (Limited Partnership) (洛辰(衢州)企業管理諮詢合夥企業(有限合夥)) is Hangzhou Luohe Enterprise Management Co., Ltd. (杭州洛和企業管理有限責任公司), which is owned as to 99.99% by Li Wenxuan.

Information on other limited partners

The other limited partners are Chengdu Communications Investment Capital (as a junior limited partner), PCG Power (as a junior limited partner), Xiamen International Trust (as a senior limited partner), Jiaozi Kechan M&A Fund, and Chengdu Mengjiang. Details of the other limited partners are set out in the section headed "GENERAL INFORMATION OF THE FUND AND THE PARTIES" of the Board Letter.

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Reasons for and benefits of the Transaction

Certain reasons for and benefits of the Transaction are set out under the section headed "Reasons for and benefits of the Transaction" of the Board Letter.

With reference to the 2025 Annual Report, in respect of the Group's energy segment, the Group will accelerate scenario-based operations to support the optimisation of the energy structure. The Group will focus on the needs of "dual carbon" strategy and regional energy optimization, and building on the existing "Two Networks and One Platform", the Group will accelerate the development of the "Three Microgrid Scenarios" and nurture its digital operational capabilities, and promote the layout and expansion of charging piles and battery swapping stations along the road network. Drawing on the experience of integrated microgrid construction, the Group will improve the energy supplement network, enhance service efficiency, practice green development concepts, and foster new profit growth drivers.

According to the Partnership Agreement, the Fund shall invest in high-quality targets in the photovoltaic and energy storage industries. With reference to the Board Letter, the subscription of limited partner interests in the Fund is conducive to Energy Development Company building a professional fund cluster in the new energy sector, continuously promoting the development of its new energy business, and further strengthening its industrial layout in the power supply and replenishment field. The Fund is in line with Chengdu's green and low-carbon and "carbon peaking" policy direction, and remains consistent with the medium– and long-term strategic planning of the higher-level supervisory authorities, which will help the Group grasp development opportunities in the new energy industry and promote industrial transformation and upgrading. The Fund will focus on investing in high-quality assets such as photovoltaic power stations and energy storage, utilise the Fund's financial leverage and market-based resource integration advantages, build a "microgrid energy" industrial ecosystem, and promote the microgrid scenario layout of Energy Development Company and improvement of the Company's new energy industry chain. Sichuan Province and Chengdu have introduced systematic support policies for the photovoltaic and energy storage industries. The Fund can serve as a financial tool carrier for policy implementation, leveraging the synergistic effect of "capital + industry" to accelerate the reinforcement of key links in the industrial chain and enhance the long-term competitiveness of state-owned capital in the new power system and green and low-carbon transformation. On this basis, Energy Development Company can further amplify capital leverage, adopt a light-asset operating model of "small capital leveraging large projects" to efficiently drive large-scale expansion, enabling Energy Development Company to rapidly seize scarce grid connection point resources and high-quality industrial users within a limited market window at a capital investment far lower than full self-construction, thereby quickly growing its business scale to the forefront of the industry. As advised by the Directors, the underlying asset portfolio to be acquired by the Fund includes various high-quality underlying projects already in reserve, which focus on the new energy industry, thereby providing the Company with access to potential development opportunities in the new energy industry.

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Having considered the above, in particular, (i) the Fund will promote the microgrid scenario layout of Energy Development Company and improvement of the Company's new energy industry chain; (ii) the Fund will help Energy Development Company further amplify capital leverage to efficiently drive large-scale expansion, thereby quickly growing its business scale to the forefront of the industry; and (iii) the underlying asset portfolio to be acquired by the Fund includes various high-quality underlying projects already in reserve, which focus on the new energy industry, thereby providing the Company with access to potential development opportunities in the new energy industry, we consider that the Group's participation in the Fund as limited partner under the Partnership Agreement enables potential synergies in business development of the Group in respect of its new energy business.

To further understand the photovoltaic and energy storage industries in the PRC, we summarised relevant government-issued policies as below:

On 22 December 2025, an article titled "Accelerate the Development of New Energy System*" (《加快建設新型能源體系》) was published on the official website of the National Energy Administration of the PRC, which stated that the PRC government will continue to increase the share of new energy in total energy supply, promote the coordinated development of multiple energy sources including wind, solar, hydro, and nuclear power, accelerate the construction of clean energy bases such as wind and photovoltaic power bases in the northwest, hydropower bases in the southwest, offshore wind power bases, and coastal nuclear power bases, actively develop distributed photovoltaic power and decentralized wind power, and promote the integrated development of building-integrated photovoltaics.

On 25 December 2025, an article titled "Accelerate the Development of Modern Infrastructure System*" (《加快構建現代化基礎設施體系》) was published on the official website of the National Development and Reform Commission of the PRC, which stated that the PRC government should make reasonable use of the space of transport facilities to build photovoltaic, energy storage, and charging facilities, and optimize and enhance the flood control, water supply, and power generation functions of shipping and water conservancy hubs.

On 26 December 2025, the National Development and Reform Commission of the PRC and the National Energy Administration of the PRC jointly published "Guiding Opinions on Promoting the High-Quality Development of Power Grids*" (《關於促進電網高質量發展的指導意見》), which stated that the PRC government will strengthen the unified planning and construction of power grids at all levels, optimize the coordinated development framework of the main grid, distribution networks, and microgrids, refine the power dispatching and management system, and facilitate the transformation of the grid control model from one primarily reliant on the backbone grid to one featuring coordinated development among the main grid, distribution networks, and microgrids.

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Given the above, we are of the view that the photovoltaic and energy storage industries in the PRC enjoys strong government support with positive prospects.

As advised by the Directors, the subscription of limited partner interests in the Fund also allows the Group to leverage the expertise and experience of Chengdu Communications Investment Zhuoyue Fund. Details of the expertise and experience of Chengdu Communications Investment Zhuoyue Fund are set out under the section headed "Reasons for and benefits of the Transaction" of the Board Letter. Upon our request, the Company provided profiles of the Fund Manager's core team members. Based on the information provided by the Company, the aforesaid core members have (a) working experience in fund management and/or equity/debt investment; and (b) extensive investment experience in various sectors. Given that core members of the Fund Manager's investment team have relevant working experience and extensive investment experience as aforesaid, we concur with the Directors that the formation of the Fund also allows the Company to leverage the expertise and experience of the Fund Manager.

Having considered the above, including (i) the Fund Manager's expertise and experience; (ii) the Group's participation in the Fund as limited partner under the Partnership Agreement enables potential synergies in business development of the Group in respect of its new energy business; and (iii) the Fund may generate investment returns and identify potential new energy project for the Group (the industry of which enjoys strong government support with positive prospects), we consider that although the Transaction is not conducted in the ordinary and usual course of business the Group, it is in the interest of the Company and the Shareholders as a whole.

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B. PRINCIPAL TERMS OF THE TRANSACTION

Summarised below are the principal terms for the Transaction, details of which are set out under the section headed "II. Discloseable and Connected Transaction – Subscription of Limited Partner Interests in a Fund" of the Board Letter.

Name of the Fund

Chengdu Zhuoyue Microgrid M&A Equity Investment Fund Partnership (Limited Partnership) (subject to registration with the enterprise registration authority)

Parties

(1) Chengdu Communications Investment Zhuoyue Fund (as general partner, executive partner 1 and the Fund Manager);

(2) Lok Capital (as general partner and executive partner 2)

(3) Chengdu Communications Investment Capital (as a junior limited partner)

(4) Energy Development Company (as a junior limited partner)

(5) PCG Power (as a junior limited partner)

(6) Xiamen International Trust (as a senior limited partner)

(7) Jiaozi Kechan M&A Fund (as a senior limited partner); and

(8) Chengdu Mengjiang (as a senior limited partner).

The Fund comprises two general partners, three senior limited partners and three junior limited partners. Chengdu Communications Investment Zhuoyue Fund serves as the Fund Manager and executive partner 1, responsible for the overall investment management and operational affairs of the Fund. Lok Capital serves as executive partner 2, responsible for assisting in project sourcing, investment plan design, post-investment management and appointing one member of the investment decision committee. The general partners bear unlimited liability for the debts of the Fund.

Scope of operation

General operations: to be engaged in, among other things, equity investment, investment management and asset management activities in the form of private fund (subject to registration with the enterprise registration authority).

Scope of investment

The Fund will be filed with the Asset Management Association of China as a private equity fund, and its investments will take the form of equity investments in target companies. The Fund shall invest in high-quality targets in the photovoltaic and energy storage industries. Specifically, the Fund targets the acquisition of mature, operating commercial and industrial ("**C&I**") distributed solar photovoltaic (PV) power stations, predominantly operating under a "self-consumption with surplus grid feed-in" model, i.e., solar generation is primarily consumed by the underlying C&I operations, with surplus power exported to the grid. The target asset portfolio is approximately 560 MW across approximately 200 solar stations, averaging approximately 3 MW per station. Target assets are distributed nationwide: approximately 10% in the Sichuan-Chongqing region, over 60% in Eastern and Southern China (regions with favorable solar irradiation), and the balance in Central and Northern China. The underlying C&I offtakers are primarily cold-chain warehousing and logistics enterprises and large-scale manufacturers located at major domestic transportation hubs.

Chengdu Communications Investment Zhuoyue Fund may, for cash management purposes, determine to invest, with the cash assets of the Fund, in bank deposits, treasury bonds, central bank bills, money market funds and other cash management instruments recognised by the China Securities Regulatory Commission prior to completion of filing of the Fund as a private fund or during periods when capital of the Fund remains idle. Save and except for the investment scope specified above, the Fund shall not engage in any other investment activities without the unanimous consent of all partners.

Investment objective

The investment objective of the Fund is to engage in project investments in accordance with the provisions of the Partnership Agreement, and to achieve capital appreciation through the acquisition, holding and disposal of interests in investee enterprises.

Term of the Fund

The term of the Fund, as a limited partnership, shall be 20 years. The establishment date of the Fund (the "**Fund Establishment Date**") shall be the date on which the Fund finalises its industrial and commercial registration and each of the partners contributes the first instalment of their subscribed capital commitment, the raised capital is transferred to the custody account of the Fund, and the custodian issues a notice certifying the receipt of the proceeds, being 8 May 2026.

The term of the Fund as a private fund (the "**Fund Term**") shall be until the date falling upon the eighth anniversary since the Fund Establishment Date, which may be extended by up to two times, each extension not exceeding one year, subject to the operating requirements of the Fund and unanimous consent of all partners.

The term of investment of the Fund shall span over a period from the Fund Establishment Date until the fifth anniversary of the Fund (the "**Term of Investment**"). The term of exit of the Fund shall span over a period from the end of the Term of Investment until the eighth anniversary of the Fund (the "**Term of Exit**").

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Size and capital commitment of the Fund

Upon completion of the transaction, the total capital commitment of the Fund shall be RMB1,000 million, with the amount subscribed for by each partner as follows:

Fund partners	Category	Subscribed amount *(RMB'000)*	As a percentage of total capital commitment *(%)*
Chengdu Communications Investment Zhuoyue Fund	General partner and the Fund Manager	1,000	0.10
Lok Capital	General partner	1,000	0.10
Chengdu Communications Investment Capital	Junior limited partner	149,000	14.90
Energy Development Company	Junior limited partner	150,000	15.00
PCG Power	Junior limited partner	199,000	19.90
Xiamen International Trust	Senior limited partner	200,000	20.00
Jiaozi Kechan M&A Fund	Senior limited partner	200,000	20.00
Chengdu Mengjiang	Senior limited partner	100,000	10.00
Total		**1,000,000**	**100.00**

Energy Development Company shall fund its share of the subscribed amount with self-owned funds.

Method of capital contribution and payment

Capital contributions shall be paid in cash in four tranches: the first tranche shall be paid upon the signing and effectiveness of the Partnership Agreement, with all partners making initial capital contributions of RMB10 million in aggregate in accordance with the payment notice issued by the Fund Manager to enable the partnership to complete the filing procedures as a fund product; The second tranche of capital contributions shall be paid by all partners based on their respective capital commitment percentages to cumulatively complete 30% of the total capital contributions, and the Fund Manager shall issue the second payment notice only after the proposed investment plan for the relevant tranche has been submitted to the investment decision committee for consideration; the third and fourth tranches of capital contributions shall be paid by all partners based on 45% and 25% of their respective capital commitment amounts. The timing and proportion of contributions by the general partners shall be the same as those of the limited partners.

For each capital call made by the Fund Manager, Chengdu Communications Investment Capital and Energy Development Company shall be obliged to make payment only after PCG Power has made payment on time; and the new senior limited partners (Jiaozi Kechan M&A Fund, Chengdu Mengjiang and Xiamen International Trust) shall make their contributions only after the contribution amounts of the other partners have been determined and actually paid into the designated account for fundraising and settlement.

Management fee

Management fee of the Fund and compensation for executing partnership affairs of the Fund shall be payable at 1% per annum of the paid-in capital of all the partners during the Term of Investment and the Term of Exit, of which the management fee shall be calculated at 0.5% per annum of the paid-in capital of all the partners, and the remaining amount constitutes compensation for executing partnership affairs. No management fee or compensation for executing partnership affairs shall be paid during the period of extension or liquidation of the Fund.

The management fee of the Fund was determined after arm's length negotiation among the parties, with reference to the fee levels of comparable photovoltaic M&A funds in the market. In particular, the parties referenced five comparable photovoltaic and new energy acquisition funds managed by established market participants, with fund sizes ranging from approximately RMB300 million to approximately RMB1.3 billion, and management fee rates ranging from 1% to 1.5% per annum. The comparable funds invest primarily in distributed solar PV and new energy assets, which is consistent with the Fund's investment scope, and their fund sizes are broadly comparable to the Fund's total capital commitment of RMB1 billion. Three of the comparable funds are managed by Lok Capital (a general partner of the Fund), adopting pari passu or senior/subordinated structures with limited partners including listed companies, insurance institutions and local state-owned capital, which are similar in nature to the investor base of the Fund. The remaining two comparable funds are managed by other reputable market participants in the new energy sector. As the management fee information of private funds is not publicly available, the above represents the exhaustive set of comparable photovoltaic M&A fund fee information accessible to the parties. The Fund's aggregate management fee and compensation for executing partnership affairs of 1% per annum is at the lower end of the comparable range of 1% to 1.5% per annum, and is competitive compared with similar industrial funds.

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Investment and decision-making

The Fund shall have an investment decision committee to make decisions on matters such as the project investment approach, investment requirements, investment protection and other investment terms and changes thereto, investment exit plans and changes thereto, the exercise of voting rights by the Fund as a shareholder or through its appointed directors, and other significant post-investment matters that the Fund Manager considers should be submitted to the investment decision committee for consideration. The investment decision committee shall comprise three members, each of which will be appointed by each of Chengdu Communications Investment Zhuoyue Fund, Energy Development Company and Lok Capital. The chairman of the committee shall be the member appointed by Chengdu Communications Investment Zhuoyue Fund. The nominee shall be selected based on the following criteria: (i) the member appointed by Chengdu Communications Investment Zhuoyue Fund shall possess fund management and industry experience, and be responsible for safeguarding the Fund's compliance and investment return requirements; (ii) the member appointed by Energy Development Company shall possess new energy industry and project management experience, and be responsible for assessing operational safety and the Fund's investment return targets; and (iii) the member appointed by Lok Capital shall possess new energy asset management experience, with sufficient expertise in asset investment, operation and maintenance (O&M) management, return analysis and exit execution. Decisions of the investment decision committee shall be made on a one-vote-per-member basis and require the unanimous consent of all members. Where a related party transaction is contemplated between the Fund and any member of the investment decision committee, the entity appointing the member or its related party(ies), such member shall abstain from voting in this respect.

In addition, the Fund shall have three observers, recommended by Jiaozi Kechan M&A Fund, Chengdu Mengjiang and Xiamen International Trust respectively. Observers shall have the same rights to information and supervision as members of the investment decision committee or the relevant governing bodies of the Fund. Any proposal relating to the Fund's investments and exits that the Fund Manager is required to submit to the investment decision committee or the relevant governing bodies of the Fund shall be submitted to the observers for pre-review at least five working days prior to the vote, together with the relevant project materials. If an observer discovers that an investment or exit violates national laws, regulations or regulatory documents or fails to comply with the Partnership Agreement, the observer shall have the right to submit a review application to the Fund Manager, and the Fund Manager is required to provide a verification or rectification opinion within five working days. If two or more observers do not accept the Fund Manager's verification or rectification opinion, they shall have the right to propose convening an interim partners' meeting to consider the matter. The executive general partner shall have the right to increase the number of observers of the Fund and to recommend observers or designate the appointing entity for observers based on the investment needs of the Fund.

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Profit distribution and loss sharing

During the term of the Fund, if there is distributable income, the Fund Manager shall use its best commercial efforts to make distributions to the partners in a timely manner, and in principle, at least once a year.

When an investment project of the Fund is exited, the Fund Manager shall in principle make an exit distribution within 60 days after the Fund receives the proceeds from the exit.

A final distribution shall be made upon the termination and liquidation of the Fund.

Distributions during the term, exit distributions after project disposals, and final distributions upon expiry of the term shall all follow the order of "return of principal before distribution of profit" as set out below: (1) return to the senior limited partners of all their paid-in capital contributions up to the time of distribution; (2) distribute to the senior limited partners until each senior partner has received a hurdle investment return calculated at a simple interest rate of 5.5% per annum on the cumulative distributions received under paragraph (1) above; (3) return to the partners other than the senior limited partners of all their paid-in capital contributions up to the time of distribution; (4) distribute to the partners other than the senior limited partners until each such partner has received a hurdle investment return calculated at a simple interest rate of 5.5% per annum on the cumulative distributions received under paragraph (3) above; (5) if there is any remaining distributable cash, it shall be distributed as performance income, of which 5% shall be distributed to all senior partners in proportion to their relative paid-in capital contributions as at the time of distribution; 75% shall be distributed to all junior partners in proportion to their relative paid-in capital contributions as at the time of distribution; and 20% shall be distributed to the general partners, with the performance income distributed between the general partners in the ratio of 1:1.

The hurdle investment returns under paragraphs (2) and (4) above shall be calculated on the basis of the daily outstanding balance of each partner's paid-in capital contributions that have not yet been returned during the term of the contributions, at an annualised rate of 5.5% divided by 365 days, calculated on a daily basis and accumulated over time.

Losses arising from the operations of the Fund and project investments shall be borne by all partners in proportion to their respective capital commitment.

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Transfer of interests by a limited partner

Where a limited partner transfers any of its interests in the Fund, other partners shall agree to waive their right of first refusal to such interests. The general partner shall issue a written response indicating whether it agrees to the transfer within 10 working days of the limited partner's application for transfer of interests. The general partner may refuse such transfer or disposal arrangement only if the transferee does not meet the conditions for a qualified investor in a private fund or violates mandatory regulatory provisions, and shall not impose other obstacles. Failure to respond within the prescribed time shall be deemed consent.

In addition, certain limited partners (including Energy Development Company) have additional exit rights upon occurrence of specified events, including: (i) failure to complete fund filing within 120 days after all partners have made their first capital contributions; (ii) failure to commence investment activities within one year after capital contribution; (iii) prolonged idle funds with no prospect of near-term improvement; (iv) material deviation from the Fund's investment objectives; (v) material regulatory issues affecting the fund manager; or (vi) other material changes rendering continued holding unsuitable. Upon the occurrence of any such event, the relevant limited partners may elect to transfer their interests or cease further contribution obligations, and other partners shall cooperate with such exit.

Our analyses on principal terms of the Transaction

To assess whether the terms of the Transaction are on normal commercial terms and are fair and reasonable, we searched and identified the initial announcements in relation to comparable establishment of fund (directly or through limited partnership) (excluding those explicitly disclosed that the investment scope includes publicly traded liquid securities or a single specific target), which constituted a notifiable transaction and/or connected transaction of such listed issuer and were published on the website of the Stock Exchange by listed issuer who are currently listed on the Stock Exchange during the period from 1 March 2026 to the date of Partnership Agreement (being the period of approximately six months, the "**Selection Period**"). We found 16 announcements (the "**Comparable Funds**") which met the said criteria and they are exhaustive. As the Selection Period represents the most recent period immediately before entering into the Partnership Agreement, and a total of 16 most recent establishment of funds (directly or through limited partnership) by other Hong Kong listed companies can be identified therein, we consider that the Selection Period is adequate to provide fair and representative samples for analysis. Although the investment objectives, investment scope, fund size, governance structure and distribution arrangements of the Fund are different from those of the Comparable Funds, the Comparable Funds can demonstrate the market practices in the establishment of funds (directly or through limited partnership) by other Hong Kong listed companies. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparable Funds.

Gram Capital Limited
嘉林資本有限公司

Set out below summarised key terms of the Comparable Funds:

Date of announcement	Company name (Stock code)	Initial term of fund (year)	Extension (Yes/No)	Fees of fund (including management fee and relevant execution fee (if applicable))	Proportion of number of investment decision-making committee members appointed/nominated/ determined by general partner(s) and/or fund manager to total number of investment decision-making committee members	Hurdle investment return per annum	Distribution of the remaining profit to partner(s) over the capital contribution and hurdle investment return of all the partners	Primary investment scope
9 March 2026	MetaLight Inc. (2605)	8	Y	During investment period: 2.0% Exit period: 1.5% Extension period or liquidation period: Nil	66.67% 3 members (2 of which shall be appointed by the general partner)	6%	(i) 80% to limited partners; and (ii) 20% to general partners *(Note 1)*	Artificial intelligence-related sectors within the digital economy
25 March 2026	China Life Insurance Company Limited (2628 & SH601628)	9	Y	During investment period: 1.5% Exit period: 1.5% Extension period or liquidation period: Nil	100.00% 5-7 members (all shall be appointed by the related party of the general partner) *(Note 2)*	8%	(i) 80% to limited partners; and (ii) 20% to general partner	Next-generation information technology, biomedicine, high-end manufacturing, new materials, new energy, and energy conservation and environmental protection
20 April 2026	Chengdu Expressway Co., Ltd. (1785)	10	Y	During investment period: 1.0% Exit period: 1.0% Extension period or liquidation period: Nil	33.33% 3 members (1 of which shall be appointed by the general partner)	8%	(i) 80% to all partners; and (ii) 20% to general partner	Energy storage assets predominately located in Chengdu, including energy storage construction projects designed for power replenishment+ (補電+), transportation hubs, industrial parks and other scenarios

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Date of announcement	Company name (Stock code)	Initial term of fund (year)	Extension (Yes/No)	Fees of fund (including management fee and relevant execution fee (if applicable))	Proportion of number of investment decision-making committee members appointed/nominated/ determined by general partner(s) and/or fund manager to total number of investment decision-making committee members	Hurdle investment return per annum	Distribution of the remaining profit to partner(s) over the capital contribution and hurdle investment return of all the partners	Primary investment scope
30 April 2026	Shandong Weigao Group Medical Polymer Company Limited (1066)	8	Y	During the two year of the investment period: (i) 2.2% on commitments up to KRW50 billion; (ii) 1.7% on commitments from KRW50 billion up to KRW100 billion; (iii) 1.2% on commitments from KRW100 billion up to KRW150 billion; and (iv) 1.0% on commitments in excess of KRW150 billion. From the third year of the investment period and during the exit period: (i) 2.2% on average invested capital up to KRW50 billion; (ii) 1.7% on average invested capital from KRW50 billion up to KRW100 billion; (iii) 1.2% on average invested capital from KRW100 billion up to KRW150 billion; and (iv) 1.0% on average invested capital in excess of KRW150 billion. During the extended period: Not exceed 1.0% per annum on the fund's average invested capital.	Not disclosed	Not disclosed	Not disclosed	Small and medium-sized enterprises and mid-tier enterprises in Korea and overseas in sectors focusing on open innovation and overseas business expansion involving Korean and overseas enterprises, universities and research institutions.
8 May 2026	Ruike Data Technology Holdings Limited (3680)	5	Y	During investment period: 2.0% Exit period: Nil Extension period or liquidation period: Nil	Not disclosed	Not disclosed	Not disclosed	Unlisted enterprises in the field of artificial intelligence
11 May 2026	Lee's Pharmaceutical Holdings Limited (950)	8	Y	During investment period: 2.0% Exit period: Nil Extension period or liquidation period: Nil	75% 4 members (3 of which shall be appointed by the general partner)	Not disclosed	Not disclosed	Life and health, biotechnology and relating upstream and downstream industries

Date of announcement	Company name (Stock code)	Initial term of fund (year)	Extension (Yes/No)	Fees of fund (including management fee and relevant execution fee (if applicable))	Proportion of number of investment decision-making committee members appointed/nominated/ determined by general partner(s) and/or fund manager to total number of investment decision-making committee members	Hurdle investment return per annum	Distribution of the remaining profit to partner(s) over the capital contribution and hurdle investment return of all the partners	Primary investment scope
22 May 2026	Gaoxia Technology Co., Ltd. (2655)	6	Y	During investment period (including the respective extension period): 2.0% Exit period (including the respective extension period): 1.5%	100% 3 members (all of which shall be appointed by the general partner)	6%	(i) 80% to limited partners; and (ii) 20% to general partner	New energy battery industry supply chain sector and other emerging industries, including sub-funds, projects, equity in unlisted companies established or operating in China or with significant connections to China, or private placement of shares and other types of equity interest in listed companies.
28 May 2026	China Communications Construction Company Limited (1800 & SH601800)	8	Y	During investment period: 1.26% Exit period: 0.56% Extension period or liquidation period: Nil	60% 5 members (3 of which shall be appointed by the general partners)	8%	(i) 80% to limited partners; and (ii) 20% to general partners	Intelligent equipment, smart transportation and intelligent construction based on next-generation information technologies including artificial intelligence, building information modeling, cloud computing, satellite internet and low-altitude economy
26 June 2026 & 31 August 2026 *(Note 4)*	Sunshine Lake Pharma Co., Ltd. (6887)	Not disclosed *(Note 5)*	Not disclosed	0.5% *(Note 5)*	Not disclosed	5%	(i) 80% to all partners; and (ii) 20% to general partner	Engaging in equity investments, investments in unlisted companies, investment management, asset management, and other activities related to venture capital.
10 July 2026	China Life Insurance Company Limited (2628 & SH601628)	8	Y	During investment period: 0.2% Exit period: 0.2% Extension period or liquidation period: Nil	100% 3 members (3 of which shall be appointed by the related party of general partner & managing partner) *(Note 2)*	8%	(i) 80% to limited partners; and (ii) 20% to general partner	Semiconductor industry
18 July 2026	Shanghai Pharmaceuticals Holding Co., Ltd. (2607 & SH601607)	8	Y	During investment period (including the respective extension period): 2% Exit period (including the respective extension period): 1.8%	33.33% 6 members (2 of which shall be appointed by the general partner)	8%	(i) 80% to limited partners; and (ii) 20% to general partners *(Note 3)*	(i) First-in-Class assets representing the first product targeting undrugged targets or mechanisms; and (ii) Best-in-class assets representing products with leading positions and best-in-class potential targeting validated/drugged targets or mechanisms

Date of announcement	Company name (Stock code)	Initial term of fund (year)	Extension (Yes/No)	Fees of fund (including management fee and relevant execution fee (if applicable))	Proportion of number of investment decision-making committee members appointed/nominated/ determined by general partner(s) and/or fund manager to total number of investment decision-making committee members	Hurdle investment return per annum	Distribution of the remaining profit to partner(s) over the capital contribution and hurdle investment return of all the partners	Primary investment scope
24 July 2026	CIG Shanghai Co., Ltd. (6166 & SH603083)	7	Y	During investment period: 2% Exit period: 1% Extension period or liquidation period: Nil	66.67% 3 members (2 of which shall be appointed by the general partner)	8%	(i) 80% to all partners; and (ii) 20% to general partner	Advanced manufacturing and information technology, including integrated circuits and artificial intelligence (with a focus on enterprises in the optical components, chips, and core integrated circuits sectors) as well as ordinary shares of listed companies within the same industry chain as the Company that are issued and traded on a non-public basis (including private placements, block trades, and negotiated transfers)
7 August 2026	Ruibe Data Technology Holdings Limited (3680)	10	Y	During investment period: 1% Exit period: Nil Extension period or liquidation period: Nil	Not disclosed	Not disclosed	Not disclosed	(i) Emerging pillar industries: including but not limited to new energy, new materials aerospace and low-altitude economy and other industries/fields; (ii) future industries: including but not limited to quantum technology, biomanufacturing, hydrogen energy and nuclear fusion energy, brain-computer interface, embodied intelligence, sixth generation mobile communication (6G) and other industries/fields.
14 August 2026	Beijing Zhongke WengeAI Science andTechnology Co., Ltd. (1956)	8	Y	During investment period: 2% Exit period: 1.5% Extension period or liquidation period: Nil	60.00% 5 members (3 of which shall be appointed by the general partner)	6%	(i) 80% to limited partners; and (ii) 20% to the general partner	Enterprise-level data infrastructure, industry models, artificial intelligence (AI) agents, AI safety, AI for Science and industrial decision-making systems.

Date of announcement	Company name (Stock code)	Initial term of fund (year)	Extension (Yes/No)	Fees of fund (including management fee and relevant execution fee (if applicable))	Proportion of number of investment decision-making committee members appointed/nominated/determined by general partner(s) and/or fund manager to total number of investment decision-making committee members	Hurdle investment return per annum	Distribution of the remaining profit to partner(s) over the capital contribution and hurdle investment return of all the partners	Primary investment scope
20 August 2026	Zhongguancun Science-Tech Leasing Co., Ltd. (1601)	6	Y	During investment period: 1.5% Exit period: 1.5% Extension period or liquidation period: Nil	80.00% 5 members (4 of which shall be appointed by the general partners and fund manager)	7%	(i) 80% to limited partners; and (ii) 20% to general partners	High-end and sophisticated industries including new materials, green chemical engineering, AI+, new energy, life and health, modern transportation and logistics industry, methanol-hydrogen (methanol) industrial chain, high-end equipment manufacturing, and other industries
28 August 2026	China Isotope & Radiation Corporation (1763)	8	Y	During investment period: 1.8% Exit period: 1.5% Extension period or liquidation period: Nil	80.00% 5 members (4 of which shall be appointed by the general partner and/or its related party) *(Note 6)*	8%	(i) 80% to limited partners; and (ii) 20% to general partner	Application areas of nuclear technology, including the production and preparation of isotope, nuclear medical equipment and innovative pharmaceuticals, industrial irradiation and inspection, security inspection and protection, as well as related applications and key upstream and downstream segments of nuclear technology in the industrial, agricultural, medical, environmental protection and security fields
	Maximum	10	N/A	During investment period: 2.2% Exit period: 2.2% Extension period or liquidation period: 2.0%	100%	8%	N/A	N/A
	Minimum	5	N/A	During investment period: 0.2% Exit period: Nil Extension period or liquidation period: Nil	33.33%	6%	N/A	N/A
	The Fund	**8**	**Y**	**During investment period: 1%** **Exit period: 1%** **Extension period or liquidation period: Nil**	**66.67%** **3 members (2 shall be appointed by general partners)**	**5.50%**	**(i) 5% to all senior limited partners; (ii) 75% to all junior limited partners; and (iii) 20% to general partners.**	**Photovoltaic and energy storage industries**

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Notes:

(1) According to the relevant announcement, prior to the final allocation of surplus, a catch-up distribution shall be allocated to the general partner based on the priority return distributed to the limited partners, such that the amount distributed to the general partner equals to 20% of the priority return received by the limited partners.

(2) According to the relevant announcements, the respective fund manager is the controlling shareholder of the respective general partner.

(3) According to the relevant announcement, prior to the final allocation of surplus, there will be an allocation to the general partners until their allocated dividends reach 25% of the return threshold of such limited partners.

(4) The initial announcement was published on 26 June 2026 and certain terms in relation to the establishment of fund were disclosed in the supplemental announcement dated 31 August 2026.

(5) According to the relevant announcements, (i) the limited partnership fund has a registered term of 12 years; and (ii) during the first five-year period of the term of the fund, the general partner is entitled to 0.5% of the actual paid-in capital contribution of the fund per year as management fees; and during the second five-year period of the term of the fund, the general partner is entitled to 0.5% of the outstanding principal balance of the investments made by the fund that are yet to be exited per year as management fee.

(6) According to the relevant announcement, four members out of total five members of the investment committee shall be nominated by the parent group of the general partner.

Duration of the Fund

According to the above table, the Fund Term (i.e. 8 years) falls within the range of term of the Comparable Funds (i.e. 5 years to 10 years). In addition, the term of 15 out of total 16 Comparable Funds are extensible, which is in line with that of the Fund.

Furthermore, we noted from an official document titled《私募投資基金登記備案辦法》(Measures for the Registration and Filing of Private Investment Funds*), which was promogulated by Asset Management Associate of China in 2023 and for the purpose of governing private fund business, that private funds shall stipulate a definite duration. Unless otherwise provided, the duration of a private equity fund shall not be less than five years. Private fund managers are encouraged to establish private equity funds with a duration of no less than seven years.

Based on the above, we are of the view that the Fund Term is on normal commercial terms and fair and reasonable.

Capital commitment

With reference to the Board Letter, the capital commitment of the Fund was determined among the partners after arm's length negotiations with reference to the expected capital requirements and investment targets of the Fund. In particular, the total capital commitment of the Fund of RMB1 billion was determined with reference to the Fund's target asset portfolio of approximately 560 MW of distributed solar PV power stations, which requires a total acquisition cost of approximately RMB2.2 billion. The Fund intends to finance such acquisitions through a combination of equity capital contributed by the partners (being the total capital commitment of RMB1 billion) and acquisition financing of approximately RMB1.2 billion, representing a leverage ratio of approximately 55%, which the Directors consider to be prudent given that leverage ratios of 60% to 70% are typical for comparable acquisition financing in the market. Energy Development Company's capital commitment of RMB150 million (representing 15% of the total capital commitment) was determined after arm's length negotiations among the partners with reference to the overall capital requirements of the Fund and Energy Development Company's investment capacity, and represents a level of investment proportionate to its role as a strategic junior limited partner participating in the Fund's investment decision-making and post-investment asset management.

As advised by the Directors, Energy Development Company and its subsidiaries subscribed structured deposit in a maximum amount of around RMB100 million in 2024 (note: Energy Develop Company had not subscribed any structured deposit from 2025 to the Latest Practicable Date). The historical subscription of structured deposits indicated the use of partial monetary funds of Energy Development Company and its subsidiaries. Upon our further request, the Company provided us with consolidated management accounts of Energy Development Company. According to the management accounts, as at 30 June 2026, Energy Development Company and its subsidiaries recorded monetary funds of approximately RMB518 million, which is larger than the amounts of capital commitment by Energy Development Company (i.e. RMB150 million), indicating that Energy Development Company (on a consolidated basis) has sufficient resources to subscribe the Funds.

Based on the above, in particular, (i) the current cash level of Energy Development Company and its subsidiaries indicated that Energy Development Company (on a consolidated basis) has sufficient resources to subscribe the Fund; and (ii) the capital commitment to be subscribed by Energy Development Company (i.e., RMB150 million) is at a similar level to its prior subscription for structured deposits, indicating the cash management and investment activities of Energy Development Company and its subsidiaries, we are of the view that the amounts of capital commitment by Energy Development Company (i.e. RMB150 million) is fair and reasonable.

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Cost of the Fund

Pursuant to the Fund Partnership Agreement, Energy Development Company shall pay a total fee (including the management fee of the Fund and compensation for executing partnership affairs of the Fund) at 1% per annum (of which the management fee shall be calculated at 0.5% per annum) of the paid-in capital of Energy Development Company during the Term of Investment and the Term of Exit. No management fee or compensation for executing partnership affairs of the Fund shall be paid during the period of extension or liquidation of the Fund.

With reference to the Board Letter, the management fee of the Fund was determined after arm's length negotiation among the parties, with reference to the fee levels of comparable photovoltaic M&A funds in the market. In particular, the parties referenced five comparable photovoltaic and new energy acquisition funds managed by established market participants, with fund sizes ranging from approximately RMB300 million to approximately RMB1.3 billion, and management fee rates ranging from 1% to 1.5% per annum. The Fund's aggregate management fee and compensation for executing partnership affairs of 1% per annum is at the lower end of the comparable range of 1% to 1.5% per annum, and is competitive compared with similar industrial funds.

According to the above table, the total fee (including management fee and relevant execution fee (if applicable)) rates of the Comparable Funds ranged from 0.2% to 2.2% per annum for investment period and nil to 2.2% for exit period. Cost of the Fund (i.e. 1% per annum of the paid-in capital for both of the Term of Investment and the Term of Exit) falls within the ranges for both of the investment period and the exit period as represented by the Comparable Funds.

As the cost of the Fund is comparable to cost of Comparable Funds, indicating that such term is on normal commercial terms, we are of the view that the cost of the Fund is fair and reasonable.

Investment decision committee

Despite that Energy Development Company contributed approximately 15.00% capital commitment of the Fund, Energy Development Company is entitled to appoint one of three members of the Investment Decision-making Committee. We would like to point out that the Fund Manager (who is entitled to appoint one of three members as general partner) and Lok Capital (who is entitled to appoint one of three members as general partner), shall bear joint and several liability for the debts of the partnership without limitation; whereas Energy Development Company, as junior limited partner, shall bear limited liability for the debts of the partnership to the extent of its capital contribution subscribed.

Furthermore, we also noted that the proportion of number of investment decision-making committee members appointed/nominated/determined by general partners and/or fund manager of the Fund (i.e. approximately 66.67%) falls within the range of that as represented by the Comparable Funds (i.e. from 33.33% to 100%).

Given the above and that the voting rights of the director nominated by Energy Development Company for decisions of investment decision committee (33.33%) is more than the proportion of capital commitment contributed by Energy Development Company to total capital commitment of the Fund (15.00%), we are of the view that the terms of investment decision-making committee are more favourable to Energy Development Company.

Profit distribution and loss sharing

The investment return of 5.5% to all limited partners of the Fund is slightly lower than the lower limit of the range (i.e. from 6% to 8%) as represented by the Comparable Funds.

According to the Comparable Funds, the Comparable Funds will return principal to all partners prior to the distribution of any profit, which is different from the profit distribution arrangement of the Fund. We further discussed with both the Company and the Fund Manager. We understood the following:

- Unlike the Comparable Funds, the Fund is classified as "structural fund", which is a closed-ended fund that divides its units into two or more classes with divergent priority of returns and risk exposure with returns/losses being redistributed internally to create embedded leverage within the fund.

  The typical two-tier structure consists of senior tranche partners and junior tranche partners, under which the senior tranche partners receive low-risk units carrying a predetermined fixed rate of return. The senior tranche partners enjoy profit distributions and principal protection on a priority basis.

  The junior tranche partners bear residual risks and are entitled to the vast majority of surplus after satisfying payment obligations to senior tranche partners. This creates inherent leverage: gains are magnified during market upturns while losses accelerate in downward markets.

- As advised by the Fund Manager, structural fund is one of the typically private funds in the PRC capital market. According to the profit allocation arrangement terms of two structural funds as provided by Lok Capital (being one of the general partners) (being all of the structural funds as managed by Lok Capital as at the date of Partnership Agreement), we noted that (i) partners of such structural funds consist senior tranche partner, junior tranche partner and general partner; and (ii) principal amounts shall be distributed first to senior tranche partner, and no principal shall be paid to junior tranche partner until senior tranche partner receives principal in full.

- As advised by the Fund Manager, the purpose of such arrangement is to leverage capital to magnify return.

  For the same rate of investment return, Energy Development will be entitled to or bear a larger amount of investment return or loss if the capital commitment of the Fund is larger. Despite the aforesaid, Energy Development Company, as a limited partner, shall be liable for the debts of the Fund up to the amount of its capital commitments. Furthermore, the senior tranche partners are considered to have limit influence on the investment and decision-making of the Fund, which is evidenced by that the senior tranche partners could only appoint observers in investment decision committee and the observers do not have voting rights for decisions on matters such as the project investment approach, investment requirements, investment protection and other investment terms and changes thereto, investment exit plans and changes thereto.

- As confirmed by the Fund Manager, investment return for the senior limited partner will only be distributed from distributable income. Pursuant to the Partnership Agreement, the distributable income means cash generated from project investment income, temporary investment proceeds and other sources, after deducting relevant expenses pursuant to relevant terms and conditions of the Partnership Agreement.

Having considered the following factors, including,

In the aspect of the structure of the Fund

- the Fund, as a structural fund, is one of the typically private funds in the PRC capital market. There is similar profit distribution arrangement of the two structured funds as managed by Lok Capital;

- the senior tranche partners are considered to have limit influence on the investment and decision-making of the Fund as they could only appoint observers in investment decision committee and the observers do not have voting rights for decisions on relevant matters;

In the aspect of return of the Fund

- the purpose of introducing senior tranche partner is to leverage capital of the Fund to magnify return. Although both profit and loss being magnified, (a) the junior limited partners may achieve a 14-times more returns than senior limited partners for the performance income; (b) losses arising from the operations of the Fund and project investments shall be borne by all partners in proportion to their respective capital commitment; and (c) Energy Development Company, as a limited partner, shall be liable for the debts of the Fund up to the amount of its capital commitments;

- the distribution arrangements are adopted to two other junior limited partners, one of which being an independent third party to the Company;

- the performance income distribution of 20% to general partners of the Fund is in line with the majority profit distribution arrangement of Comparable Funds (i.e. 12 Comparable Funds explicitly disclosed profit distribution arrangement and all of them adopted the profit distribution arrangement including the distribution of 20% to general partners). In addition, junior limited partners will be entitled to the majority proportion (i.e. 93.75% = 75% ÷ 80%) of performance income (i.e. the remaining distributable cash after the distribution of principal amounts and hurdle investment return to all partners) to all limited partners,

we are of the view that the profit distribution arrangement is fair and reasonable and on normal commercial terms.

In respect of the loss sharing arrangement, as (a) Energy Development Company, as a limited partner, shall be liable for the debts of the Partnership up to the amount of its capital commitments; whereas (b) the general partners bear unlimited liability for the debts of the Fund, we are of the view that the loss sharing arrangement is in the interests of the Company and are fair and reasonable.

Our conclusion on principal terms of the Transaction

Taking into account the above principal terms of the Transaction, in particular, the followings, that:

(i) the Fund Term, which is comparable to the term of the Comparable Funds and is in compliance with the relevant administrative measures, is on normal commercial terms and fair and reasonable;

(ii) the amounts of capital commitment by Energy Development Company (i.e. RMB150 million) is fair and reasonable, having considered that Energy Development Company (on a consolidated basis) has sufficient resources to subscribe the Funds;

(iii) the cost of the Fund, which is comparable to the costs of the Comparable Funds, is fair and reasonable;

(iv) the terms of investment decision-making committee, with proportion of member numbers appointed/nominated/determined by general partners and/or fund manager of the Fund being comparable with those of the Comparable Funds, are justifiable;

(v) the distribution arrangement is fair and reasonable and on normal commercial terms, having considered the nature of the Fund, decision-making influence of senior limited partners and junior limited partners, purposes of introducing senior tranche partner, allocation of performance income; and

(vi) most of the key terms of the Transaction are the same or similar to those available to the independent junior limited partner,

we are of the view that the terms of the Transaction are fair and reasonable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) although the Transaction is not conducted in the ordinary and usual course of the business of the Group, the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolution 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.

* *For identification purpose only*

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