首惠产融

首 惠 產 業 金 融 服 務 集 團 有 限 公 司*

CAPITAL INDUSTRIAL FINANCIAL SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

(1) REVISION OF ANNUAL CAPS IN RELATION TO MASTER SERVICES AGREEMENT; AND (2) RENEWAL OF MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO MASTER SERVICES AGREEMENT

References are made to the announcement of the Company dated 28 April 2023 and the circular of the Company dated 12 June 2023 respectively, in relation to the 2023 Master Services Agreement.

REVISION OF ANNUAL CAPS FOR INFORMATION TECHNOLOGY SERVICES

Based on information available to the Directors, the Board anticipates that the Existing Annual Caps under the 2023 Master Services Agreement will not be sufficient to meet the business needs for the year ending 31 December 2025.

In this regard, on 25 July 2025, the Company and Shougang entered into the Supplemental Master Services Agreement, pursuant to which, the Company and Shougang agreed to revise the Existing Annual Caps from RMB6,000,000 to RMB15,000,000 for the period commencing on the date on which it becomes effective and ends on 31 December 2025.

RENEWAL OF 2023 MASTER SERVICES AGREEMENT

Since the 2023 Master Services Agreement will expire on 31 December 2025 and the Company and Shougang intend to continue the continuing connected transactions contemplated thereunder after the said expiry, on 25 July 2025, the Company entered into the Renewed Master Services Agreement with Shougang to renew the continuing connected transactions contemplated under the 2023 Master Services Agreement.

The Renewed Master Services Agreement shall have a Term of 3 years commencing from 1 January 2026 to 31 December 2028 (both days inclusive), pursuant to which Shougang agreed to provide the Deposit Services, Information Technology Services, Property Leasing Services, Management and Financial Advisory Services, Financial Technical Services and Other Financial Services to the Group by Shougang Group or by the Group to Shougang Group (as the case may be) during the Term, subject to the fulfilment of the conditions precedent.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shougang is the controlling shareholder of the Company under the Listing Rules. Accordingly, the transactions contemplated under (i) the Supplemental Master Services Agreement including the Revised Annual Caps and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder constitute continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, as the Company proposes to revise the annual caps for the Information Technology Services for its continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised Annual Caps under the Supplemental Master Services Agreement is more than 5.0%, and the maximum aggregate annual consideration payable under the 2023 Master Services Agreement as revised by the Supplemental Master Services Agreement on an annual basis, is more than HK$10,000,000, the revision of the Existing Annual Caps to the Revised Annual Caps through entering into of the Supplemental Master Services Agreement is subject to reporting, announcement, circular and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Renewed Master Services Agreement is more than 5%, the transactions contemplated under the Renewed Master Services Agreement are subject to the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the aggregate of the Daily Deposit Caps and the Lease Caps is more than 25%, the provision of the Deposit Services and the Property Leasing Services by the Shougang Group to the Group may also constitute a major transaction for the Company subject to the requirements of notification, announcement, and Shareholders' approval under Chapter 14 of the Listing Rules. Since the transactions under the Deposit Services and the Property Leasing Services will also constitute continuing connected transactions for the Company as described above, these transactions will also be subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules as aforesaid.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) will be formed to advise the Independent Shareholders on the terms of and the transactions contemplated under (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

CIRCULAR

The Company will convene a special general meeting for the Independent Shareholders to consider and, if thought fit, approve (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder.

A circular containing, among others, details of (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser containing their advice on the same will be despatched to the Shareholders in compliance with the Listing Rules on or before 15 August 2025.

1. REVISION OF ANNUAL CAPS FOR INFORMATION TECHNOLOGY SERVICES

References are made to announcement of the Company dated 28 April 2023 and the circular of the Company dated 12 June 2023 respectively, in relation to the 2023 Master Services Agreement.

Based on information available to the Directors, among all services provided under the 2023 Master Services Agreement, the actual demand for the Information Technology Services under the 2023 Master Services Agreement is expected to exceed the original expectations which will result in a corresponding increase in the total amount of expected Information Technology Services Fee payable by the Company to Shougang under such agreements. As such, the aggregate amount of expected fee payable by the Company to Shougang under the 2023 Master Services Agreement are expected to be higher than the level envisaged at the time when the parties entered into the 2023 Master Services Agreement. Therefore, the Board expects that the Existing Annual Caps of RMB6,000,000 for the year ending 31 December 2025 will not be sufficient for the business needs for the year ending 31 December 2025.

In this regard, on 25 July 2025, the Company and Shougang entered into the Supplemental Master Services Agreement, pursuant to which, the Company and Shougang agreed to revise the Existing Annual Caps from RMB6,000,000 to RMB15,000,000 for the period commencing on the date on which it becomes effective and ends on 31 December 2025.

The Supplemental Master Services Agreement

The principal terms of the Supplemental Master Services Agreement are set out as follows:

Date

25 July 2025 (after trading hours)

Parties

1. the Company; and

2. Shougang

Subject matter of the Supplemental Master Services Agreement

Pursuant to the Supplemental Master Services Agreement, the Company and Shougang agreed to revise the Existing Annual Caps under the 2023 Master Services Agreement with effect from the commencement of the Supplemental Master Services Agreement till 31 December 2025. All other terms and conditions under the 2023 Master Services Agreement shall remain unchanged.

Conditions precedent:

The Supplemental Master Services Agreement is effective upon fulfilment of the following conditions precedent:

(i) approval(s) by the Board having been obtained for the Revised Annual Caps contemplated under the Supplemental Master Services Agreement; and

(ii) approval(s) by the Independent Shareholders having been obtained for the Revised Annual Caps contemplated under the Supplemental Master Services Agreement.

Historical transaction amounts

The historical transaction amounts of the Information Technology Services and Existing Annual Caps under the 2023 Master Services Agreement are set out as follows:

	For the period from 28 April 2023 to 31 December 2023 *RMB'000*	**From 1 January 2024 to 31 December 2024** *RMB'000*	**For the period from 1 January 2025 to 31 May 2025** *RMB'000* *(Unaudited)*
Historical transaction amounts	5,403	5,992	1,148

Revision of annual caps for Information Technology Services

The table below sets out the aggregate amount of the Existing Annual Caps under the 2023 Master Services Agreement and the Revised Annual Caps for the year ending 31 December 2025:

	From 1 January 2025 to 31 December 2025 *RMB'000*
Existing Annual Caps under the 2023 Master Services Agreement	6,000
Revised Annual Caps	15,000

Basis of determination of the Revised Annual Caps

The Revised Annual Caps under the Supplemental Master Services Agreement are determined after taking into account the following factors:

(i) the historical transaction amount of the fee for the Information Technology Services for the financial years ended 31 December 2023 and 2024. Although the actual transaction amount of the Information Technology Services under the 2023 Master Services Agreement amounted to approximately RMB1.1 million as at 31 May 2025, representing approximately 19.1% of the annual cap in 2025, the Directors consider that the current low utilisation rate was primarily attributable to the delay in certain information technology services projects. The Group has undertaken various projects from Shougang Group on the procurement of information technology services for building, developing and upgrading different systems of the Company's self-developed supply chain financial platform in early 2025. As at the date of this announcement, the Group has approved the aforesaid project proposals in the aggregated amount of approximately RMB6.3 million. The Group has commenced the procurement of the relevant information technology services and such projects were expected to be completed by the end of the financial year ending 31 December 2025; and

(ii) the anticipated increase in the transaction amount for the financial year ending 31 December 2025, based on recent cooperation with DeepSeek on deep integration and applying DeepSeek across business scenarios of the Company's self-developed supply chain financial platform. As stated in the annual report of the Company for the year ended 31 December 2024, the Group has completed the deep integration with DeepSeek as at the date of this announcement and has applied DeepSeek across business scenarios of the Company's self-developed supply chain financial platform, entering the Group's new stage in the implementation of financial technology and digital finance. Through artificial intelligence ("**AI**") and large model technologies, the Group further enhances the efficiency and precision of its supply chain financial platform and provide its users with better experience via AI solutions. With such increased use of AI in information system and the Group's focus on the supply chain management and financial technology business, it is expected that the Group's demand of Information Technology Services will increase in the financial year ending 31 December 2025.

As at the date of this announcement, the Existing Annual Caps for the financial year ending 31 December 2025 have not been exceeded.

Reasons for and benefits of the Supplemental Master Services Agreement

The transactions contemplated under the 2023 Master Services Agreement (as supplemented and amended by the Supplemental Master Services Agreement) have been and will continue to be conducted in the ordinary and usual course of business of the Company, hence the Group.

In view of the long-standing and amicable business relationship between the Company and Shougang, Shougang is a reliable business partner and future business cooperation between the Company and Shougang will be beneficial to the operations of the Company, and the Group.

The Directors (excluding the independent non-executive Directors whose opinion will be set out in the letter from the Independent Board Committee in the circular) consider that:

(i) the terms of the Supplemental Master Services Agreement, including the Revised Annual Caps, are normal commercial terms or better in the ordinary and usual course of business that are fair and reasonable;

(ii) the Revised Annual Caps under the Supplemental Master Services Agreement for the year ending 31 December 2025 are fair and reasonable; and

(iii) the transactions contemplated under the Supplemental Master Services Agreement are in the ordinary and usual course of business of the Group, and in the interest of the Company and the Shareholders as a whole.

2. RENEWAL OF MASTER SERVICES AGREEMENT

As the 2023 Master Services Agreement will expire on 31 December 2025 and the Company and Shougang intend to continue the continuing connected transactions contemplated thereunder after the said expiry, the Board is pleased to announce that on 25 July 2025, the Company entered into a Renewed Master Services Agreement with Shougang to renew the continuing connected transactions contemplated under the 2023 Master Services Agreement.

Renewed Master Services Agreement

Principal terms

The principal terms of the Renewed Master Services Agreement are set out as follows:

Date

25 July 2025 (after trading hours)

Parties

(i) The Company; and

(ii) Shougang

Effective date and Term

The Renewed Master Services Agreement shall be effective conditional upon:

(i) compliance with all necessary requirements under the Listing Rules, including but not limited to obtaining the approval of the Independent Shareholders of the terms of the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and

(ii) obtaining any other relevant approvals as may be required for the Renewed Master Services Agreement to take effect.

The term of the Renewed Master Services Agreement commences on 1 January 2026 and ends on 31 December 2028.

Scope of services provided by the Shougang Group or the Group

Pursuant to the Renewed Master Services Agreement, the Shougang Group or the Group (as the case may be) shall provide Deposit Services, Information Technology Services, Property Leasing Services, Management and Financial Advisory Services, Financial Technical Services and Other Financial Services, the details of which are set out as follows:

(i) Deposit Services

The Group shall open a deposit account in a financial institution, which is a member of the Shougang Group, and deposit funds into the said account in return for interest income.

The deposit interest rate provided by the Shougang Group to the Group shall not be lower than the interest rate of the same type of deposits placed by the Group with the major domestic commercial banks in the PRC under the same conditions and shall be determined on arm's length negotiations in accordance with normal commercial terms.

The daily maximum balance of deposits placed by the Group shall be not more than RMB335,000,000 during the Term.

(ii) Information Technology Services

The Shougang Group shall provide the Information Technology Services to the Group, which include but are not limited to cloud computing, cybersecurity services, information system integration, information system software development, software updates and other related services in support of the administration, human resources management and general business management of the Group.

The Group and the relevant subsidiary(ies) in the Shougang Group will enter into separate agreement(s) setting out the specific scope of services, service fees, manner and method of payment of service fees, and the terms and conditions thereunder, which shall be determined after arm's length negotiations between the parties, fair and reasonable and on normal commercial terms, and consistent with the principles, terms and conditions set out in the Renewed Master Services Agreement in relation to the Information Technology Services.

(iii) Property Leasing Services

The Group (as lessee) shall lease certain properties from the Shougang Group (as lessor) from time to time and pay property leasing fees to Shougang Group. The property leasing fees include the rent of the leased properties, the management fees of the leased properties and the utility expenses arisen from the leased properties. The Group and Shougang (and/or the relevant subsidiary(ies) in the Shougang Group) will enter into individual agreements in respect of each relevant leased property setting out the specific rental amount, manner and method of rent payment, the calculation of management fees, the arrangement of utility payment and the terms and conditions thereunder, which shall be determined after arm's length negotiations between the parties, fair and reasonable and on normal commercial terms, and consistent with the principles, terms and conditions set out in the Renewed Master Services Agreement in relation to the Property Leasing Services. It is expected that the lease terms of the individual agreements to be entered into under Property Leasing Services will be not less than 12 months.

(iv) Management and Financial Advisory Services

The Group shall provide the Management and Financial Advisory Services to the Shougang Group, which comprises of consultancy and advisory services covering areas in business and operational management, investment management and financial management disciplines, treasury and risk management, supply chain financial business, accounting, financial advisory and other related areas.

The Group and the relevant subsidiary(ies) in the Shougang Group will enter into separate agreement(s) setting out the specific scope of services, service fees, manner and method of payment of service fees, and the terms and conditions thereunder, which shall be determined after arm's length negotiations between the parties, fair and reasonable and on normal commercial terms, and consistent with the principles, terms and conditions set out in the Renewed Master Services Agreement in relation to the Management and Financial Advisory Services.

(v) Financial Technical Services

The Group shall provide the Financial Technical Services to the Shougang Group, which are mainly technical support services in nature, including but not limited to online factoring services, factoring business management and control, computing cloud basic platform services and network security co-management services in support of the financial service business, sale and lease back arrangement business and supply chain management business operated by the Shougang Group from time to time. The Group shall also provide management and consultation services to the Shougang Group in relation to financial information technology management as well as the said technical support services.

The Group and the relevant subsidiary(ies) in the Shougang Group will enter into separate agreement(s) setting out the specific scope of services, service fees, manner and method of payment of service fees, and the terms and conditions thereunder, which shall be determined after arm's length negotiations between the parties, fair and reasonable and on normal commercial terms, and consistent with the principles, terms and conditions set out in the Renewed Master Services Agreement in relation to the Financial Technical Services.

(vi) Other Financial Services

The Group and/or the Shougang Group (as the case may be) shall provide the Other Financial Services, which comprise of (a) corporate credit certification services and payment and settlement services which shall be provided by the Group to the Shougang Group, (b) payment collection services and other related services and (c) ancillary online financial tools services, which shall be provided by the Shougang Group to the Group. Corporate credit certification and payment and settlement of funds via the platform provided by the Group shall be conducted according to the instructions of the Shougang Group, with the relevant certification fees and payment and settlement expenses being borne by the Shougang Group. On the other hand, upon the Group's request, the Shougang Group will provide payment collection services on the trade receivables owed from customers who have retained the Group's services as ancillary services. The Group shall also provide ancillary online tools services to Shougang to support their operations which are included in the service package provided by the Shougang Group to such customers. Also, the Shougang Group may pay service fees to the Group for using the online financial platform developed and operated by the Group to conduct business with Shougang's customers from time to time.

The Group and the relevant subsidiary(ies) in the Shougang Group will enter into separate agreement(s) setting out the specific scope of services, service fees, manner and method of payment of service fees, and the terms and conditions thereunder, which shall be determined after arm's length negotiations between the parties, fair and reasonable and on normal commercial terms, and consistent with the principles, terms and conditions set out in the Renewed Master Services Agreement in relation to the Other Financial Services.

Right to obtain services from other service providers or financial institutions

The Group may obtain services from other service providers or financial institutions in addition to those provided by the Shougang Group pursuant to the Renewed Master Services Agreement, and the Shougang Group may obtain services from other service providers or financial institutions in addition to those provided by the Group pursuant to the Renewed Master Services Agreement (as the case may be).

Pricing Policy and Annual Caps

Services provided by the Shougang Group or the Group

Deposit Services

Pricing policy

The deposit interest rate provided by the Shougang Group to the Group shall be not lower than the interest rate of the same type of deposits placed by the Group with the major domestic commercial banks in the PRC under the same conditions and shall be determined on arm's length negotiations between the parties in accordance with normal commercial terms. Please also refer to the details of the internal control measures to be implemented by the Group for determining and monitoring the deposit interest rate as set out in the paragraph headed "Internal Control — Services provided by the Shougang Group or the Group — Deposit Services" below in this announcement.

Historical transaction amounts

The historical transaction amounts of provision of the Deposit Services and Daily Deposit Caps under the 2023 Master Services Agreement are set out as follows:

	For the period from 28 April 2023 to 31 December 2023	**From 1 January 2024 to 31 December 2024**	**For the period from 1 January 2025 to 31 May 2025**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Historical transaction amounts	256,000	295,628	274,734

Proposed Annual Caps

Set out below are the Daily Deposit Caps under the Renewed Master Services Agreement during the Term:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Daily Deposit Caps	335,000	335,000	335,000

The above proposed Daily Deposit Caps were determined after taking into account the following:

1. the historical transaction amounts in respect of the Deposit Services provided by the Shougang Group to the Group;

2. the existing level of cash and cash equivalents held by the Group;

3. the cash position of the Group and the expected growth of the business operation of the Group;

4. the financial needs of the Group during the Term;

5. the expected daily deposit balances of the Group; and

6. basis of determining the deposit interest rate as disclosed above in this section.

The Directors (excluding (i) the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser; and (ii) the Directors who have material interests in the transactions contemplated hereunder as described in the section headed "Listing Rules Implications" of this announcement below) (if any) consider that the above proposed Daily Deposit Caps in respect of the provision of the Deposit Services are fair and reasonable and in the interests of the Shareholders as a whole.

Information Technology Services

<u>Pricing policy</u>

The service fees for the Information Technology Services shall be determined according to the following principles:

(a) the service fees shall be determined after arm's length negotiations between the parties on normal commercial terms with reference to the (i) scope of services; (ii) remuneration of the relevant staff members of the Shougang Group who will be involved in providing the Information Technology Services to the Group; (iii) costs incurred by the Shougang Group in providing the Information Technology Services to the Group; and (iv) market rate of service fees for comparable services;

(b) the Group shall obtain quotations from Independent Third Party service providers for similar services and compare the quotations offered by such Independent Third Party service providers; and

(c) the service fees payable by the Group to the Shougang Group shall not exceed the service fees offered by Independent Third Party service providers for similar services.

Please also refer to the details of the internal control measures to be implemented by the Group in relation to the Information Technology Services as set out in the paragraph headed "Internal Control — Services provided by the Shougang Group or the Group — Information Technology Services" below in this announcement.

Historical transaction amounts

The historical transaction amounts of provision of the Information Technology Services and Revised Annual Caps under the Supplemental Master Services Agreement are set out as follows:

	For the period from 28 April 2023 to 31 December 2023 *RMB'000*	From 1 January 2024 to 31 December 2024 *RMB'000*	For the period from 1 January 2025 to 31 May 2025 *RMB'000* *(Unaudited)*
Historical transaction amounts	5,403	5,992	1,148

Proposed Annual Caps

The Company proposes to set the Information Technology Services Fee Caps during the Term as follows:

	For the year ending 31 December		
	2026 *RMB'000*	**2027** *RMB'000*	**2028** *RMB'000*
Proposed Information Technology Services Fee Caps	20,000	20,000	20,000

The above proposed Information Technology Service Fee Caps were determined after taking into account of the following:

1. the historical transaction amounts in respect of the Information Technology Services provided by the Shougang Group to the Group;

2. the pricing basis of service fees as aforesaid mentioned;

3. the expected scope and service specifications of the Information Technology Services; and

4. the Group's expected demand for the Information Technology Services with reference to the existing scale of the Group's operations and its anticipated growth.

The Directors (excluding (i) the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser; and (ii) the Directors who have material interests in the transactions contemplated hereunder as described in the section headed "Listing Rules Implications" of this announcement below) (if any) consider that the above proposed Information Technology Service Fee Caps in respect of the Information Technology Services are fair and reasonable and in the interests of the Shareholders as a whole.

Property Leasing Services

Pricing policy

In respect of the property leasing services fee payable by the Group, the rental amount will be determined after arm's length negotiations between the parties with reference to the following factors: (i) the gross floor area, condition, geographical location and types of the leased properties; (ii) prior to entering into any individual agreement for lease, obtaining at least two quotations of market rents charged by Independent Third Parties for similar properties in the vicinity; and (iii) shall, in any event, not exceed the amount of rent payable by or to be charged by an Independent Third Party in respect of properties similar to the leased properties under the Property Leasing Services. For the management fees which is included in the property leasing services fee, it will be determined with reference to the gross floor area, condition, geographical location and types of the leased properties, and shall, in any event, not exceed the amount of management fees payable by or to be charged by an Independent Third Party in respect of properties similar to the leased properties under the Property Leasing Services. For the utility expenses which is included in the property leasing services fee, it will be determined with reference to the actual consumption of utilities (such as electricity and water) on the leased properties by the Group.

Please also refer to the details of the internal control measures to be implemented by the Group in relation to the Property Leasing Services as set out in the paragraph headed "Internal Control — Services provided by the Shougang Group or the Group — Property Leasing Services" below in this announcement.

Historical transaction amounts

The historical transaction amounts of lease payments and Lease Caps under the 2023 Master Services Agreement are set out as follows:

	For the period from 28 April 2023 to 31 December 2023	**From 1 January 2024 to 31 December 2024**	**For the period from 1 January 2025 to 31 May 2025**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Historical transaction amounts	840	1,435	817

Proposed Annual Caps

Pursuant to HKFRS 16, the leases to be entered into by the Group as lessee under the 2023 Master Services Agreement will be recognised as right-of-use assets. The proposed Lease Caps represent the maximum total value of the right-of-use assets to be recognised by the Group relating to the individual leasing agreements to be entered into under the Property Leasing Services during the Term, which are calculated with reference to the aggregate annual rental amount under the full lease term of each individual leasing agreement to be entered into during the Term.

The proposed Lease Caps in respect of the fees payable on the Property Leasing Services are as follows:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Lease Caps	5,000	5,000	5,000

The above proposed Lease Caps were determined after taking into account the following: (i) the historical transaction amounts in respect of lease payments paid by the Group to the Shougang Group; (ii) the pricing basis of the rental amount as disclosed above in this section; and (iii) the Group's expected demand for entering into new leasing arrangements for lease of office premises during the Term to accommodate for the future expansion of the Company's workforce and to satisfy the Group's business development needs. The total number of full-time employees of the Group increased from 59 as at 31 December 2023 to 63 as at 31 December 2024. Based on the management's estimation, the total number of full-time employees of the Group is expected to further increase to around 80 by the end of the financial years ending 31 December 2025 and 31 December 2026.

The Directors (excluding (i) the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser; and (ii) the Directors who have material interests in the transactions contemplated hereunder as described in the section headed "Listing Rules Implications" of this announcement below) (if any) consider that the proposed Lease Caps in respect of the Property Leasing Services are fair and reasonable and in the interests of the Shareholders as a whole.

Management and Financial Advisory Services

Pricing policy

The service fees for the Management and Financial Advisory Services shall be determined according to the following principles:

(a) the service fees shall be determined after arm's length negotiations between the parties on normal commercial terms with reference to the (i) scope of services; (ii) remuneration of the relevant staff members of the Group who will be involved in providing the Management and Financial Advisory Services to the Shougang Group; (iii) subject to the complexity of the services provided based on the service specifications, the time costs incurred by the relevant responsible staff of the Group and other relevant costs incurred by the Group in providing the Management and Financial Advisory Services to the Shougang Group plus a tentative mark-up rate of around 5% (which may be revised from time to time based on actual market situation); and (iv) (to the extent applicable) market rate of service fees for comparable services, and where it would be impracticable to make reference to the market rate of the service fees for comparable services, the Group will take into consideration the service specifications, cost structure, profit margin, historical transaction amounts, market conditions, past performance of the Shougang Group and the Shougang Group's development strategy;

(b) if the Group had provided similar services to other Independent Third Party customers, the Group shall compare the service fees with those payable by at least two other Independent Third Party customers to the Group for similar services and the service fees payable by the Shougang Group to the Group shall not be lower than the service fees payable by Independent Third Party customers to the Group for similar services.

Please also refer to the details of the internal control measures to be implemented by the Group in relation to the Management and Financial Advisory Services as set out in the paragraph headed "Internal Control — Services provided by the Shougang Group or the Group — Management and Financial Advisory Services, Financial Technical Services and Other Financial Services" below in this announcement.

Historical transaction amounts

The historical transaction amounts of the provision of Management and Financial Advisory Service and Management and Financial Advisory Service Fee Caps under the 2023 Master Services Agreement are set out as follows:

	For the period from 28 April 2023 to 31 December 2023	**From 1 January 2024 to 31 December 2024**	**For the period from 1 January 2025 to 31 May 2025**
	RMB'000	*RMB'000*	*RMB'000*
			(Unaudited)
Historical transaction amounts	4,044	6,608	2,781

Proposed Annual Caps

The Company proposed to set the Management and Financial Advisory Service Fee Caps as follows:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Management and Financial Advisory Service Fee Caps	8,000	8,000	8,000

The above proposed Management and Financial Advisory Service Fee Caps were determined after taking into account the following:

1. the historical transaction amounts in relation to the Management and Financial Advisory Service Fee for the two years ended 31 December 2023 and 2024;

2. the respective pricing basis of service fees as disclosed above;

3. the expected scope and service specifications of the Management and Financial Advisory Services; and

4. the Shougang Group's expected demand for the Management and Financial Advisory Services with reference to the existing scale of the Shougang Group's operations and its anticipated growth.

The Directors (excluding (i) the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser; and (ii) the Directors who have material interests in the transactions contemplated hereunder as described in the section headed "Listing Rules Implications" of this announcement below) (if any) consider that the above proposed Management and Financial Advisory Service Fee Caps in respect of the provision of the Management and Financial Advisory Services are fair and reasonable and in the interests of the Shareholders as a whole.

Financial Technical Services

Pricing policy

The service fees for the Financial Technical Services shall be determined according to the following principles:

(a) the service fees shall be determined after arm's length negotiations between the parties on normal commercial terms with reference to the (i) scope of services; (ii) remuneration of the relevant staff members of the Group who will be involved in providing the Financial Technical Services to the Shougang Group; (iii) costs incurred by the Group in providing the Financial Technical Services to the Shougang Group plus a tentative mark-up rate of around 10% (which may be revised from time to time based on actual market situation); and (iv) market rate of service fees for comparable services;

(b) the Group shall compare the service fees with those payable by at least two other Independent Third Party customers to the Group for similar services; and

(c) the service fees payable by the Shougang Group to the Group shall not be lower than the service fees payable by Independent Third Party customers to the Group for similar services.

Please also refer to the details of the internal control measures to be implemented by the Group in relation to the Financial Technical Services as set out in the paragraph headed "Internal Control — Services provided by the Shougang Group or the Group — Management and Financial Advisory Services, Financial Technical Services and Other Financial Services" below in this announcement.

Historical transaction amounts

The historical transaction amounts of the provision of Financial Technical Services and Financial Technical Service Fee Caps under the 2023 Master Services Agreement are set out as follows:

	For the period from 28 April 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	For the period from 1 January 2025 to 31 May 2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Historical transaction amounts	5,165	6,995	2,944

Proposed Annual Caps

The Company proposed to set the Financial Technical Service Fee Caps as follows:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Financial Technical Service Fee Caps	15,000	15,000	15,000

The above proposed Financial Technical Service Fee Caps were determined after taking into account the following:

1. the historical transaction amounts in relation to the Financial Technical Service Fee;

2. the respective pricing basis of service fees;

3. the expected scope and service specifications of the Financial Technical Services; and

4. the Shougang Group's expected demand for the Financial Technical Services with reference to the existing scale of the Shougang Group's operations and its anticipated growth.

The Directors (excluding (i) the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser; and (ii) the Directors who have material interests in the transactions contemplated hereunder as described in the section headed "Listing Rules Implications" of this announcement below) (if any) consider that the above proposed Financial Technical Service Fee Caps in respect of the provision of Financial Technical Services are fair and reasonable and in the interests of the Shareholders as a whole.

Other Financial Services

Pricing policy

The service fees for the Other Financial Services shall be determined according to the following principles:

(a) the service fees shall be determined after arm's length negotiations between the parties on normal commercial terms with reference to the (i) scope of services; (ii) remuneration of the relevant staff members who will be involved in providing the Other Financial Services; (iii) costs incurred in providing the Other Financial Services; and (iv) market rate of service fees for comparable services;

(b) in respect of the Other Financial Services to be provided by the Group to the Shougang Group, the Group shall compare the service fees with those payable by Independent Third Party customers to the Group for similar services, and the service fees payable by the Shougang Group to the Group shall, in any event, not be lower than the service fees payable by Independent Third Party customers to the Group for similar services; and

(c) in respect of the Other Financial Services to be provided by the Shougang Group to the Group, the Group shall obtain quotations from at least two other Independent Third Party service providers for similar services and compare the quotations offered by such Independent Third Party service providers, and the service fees payable by the Group to the Shougang Group shall, in any event, not exceed the service fees offered by Independent Third Party service providers for similar services.

Please also refer to the details of the internal control measures to be implemented by the Group in relation to the Other Financial Services as set out in the paragraph headed "Internal Control — Services provided by the Shougang Group or the Group — Management and Financial Advisory Services, Financial Technical Services and Other Financial Services" below in this announcement.

Other Financial Services to be provided by the Group to the Shougang Group

Historical transaction amounts

The historical transaction amounts in respect of the Other Financial Services and the Other Financial Service Fee Caps in respect of the Other Financial Services to be provided by the Group to the Shougang Group under the 2023 Master Services Agreement are set out as follows:

	For the period from 28 April 2023 to 31 December 2023	**From 1 January 2024 to 31 December 2024**	**For the period from 1 January 2025 to 31 May 2025**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Historical transaction amounts	8,244	10,023	4,257

Proposed Annual Caps

The Company proposed to set the Other Financial Service Fee Caps in respect of the Other Financial Services to be provided by the Group to the Shougang Group as follows:

	For the year ending 31 December		
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Other Financial Service Fee Caps in respect of the Other Financial Services to be provided by the Group to the Shougang Group	18,600	21,000	23,600

The above proposed Other Financial Service Fee Caps in respect of the Other Financial Services to be provided by the Group to the Shougang Group during the Term were determined after taking into account the following:

1. the historical transaction amounts in relation to the Other Financial Services Fee;

2. the expected scope and service specifications of the Other Financial Services;

3. the expected demand for the Other Financial Services by the Shougang Group with reference to the existing scale of operations and anticipated growth of the Shougang Group; and

4. the prevailing market rate with reference to the management's experience.

Other Financial Services to be provided by the Shougang Group to the Group

Historical transaction amounts

The historical transaction amounts in respect of the Other Financial Services and the Other Financial Service Fee Caps in respect of the Other Financial Services to be provided by the Shougang Group to the Group under the 2023 Master Services Agreement are set out as follows:

	For the period from 28 April 2023 to 31 December 2023	**From 1 January 2024 to 31 December 2024**	**For the period from 1 January 2025 to 31 May 2025**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Historical transaction amounts	10,410	10,221	5,103

Proposed Annual Caps

The Company proposed to set the Other Financial Service Fee Caps in respect of the Other Financial Services to be provided by the Shougang Group to the Group as follows:

	From the commencement date of the Term to 31 December	**For the year ending 31 December**	
	2026	**2027**	**2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Other Financial Service Fee Caps in respect of the Other Financial Services to be provided by the Shougang Group to the Group	30,000	30,000	30,000

The above proposed Other Financial Services Fee Caps were determined after taking into account the following:

1. the historical transaction amounts in relation to the Other Financial Services Fee;

2. the pricing basis of service fees as disclosed above in this section;

3. the expected scope and service specifications of the Other Financial Services;

4. the expected demand for the Other Financial Services by the Group with reference to the existing scale of operations and anticipated growth of the Group; and

5. the prevailing market rate with reference to the management's experience.

The Directors (excluding (i) the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser; and (ii) the Directors who have material interests in the transactions contemplated hereunder as described in the section headed "Listing Rules Implications" of this announcement below) (if any) consider that the above proposed Other Financial Service Fee Caps in respect of the provision of the Other Financial Services are fair and reasonable and in the interests of the Shareholders as a whole.

Internal control

Services provided by the Shougang Group or the Group

Deposit Services

The internal control measures on the determination of deposit interest rate for the Deposit Services are as follows:

1. Before entering into any deposit arrangements with the Shougang Group, the Group will obtain and review the deposit interest rates for the same type of deposits quoted by at least four other major domestic commercial banks in the PRC.

2. The Group will enter into supplemental agreement(s) with Shougang (and/or its relevant subsidiary(ies)) as and when necessary to ensure that the Deposit Interest Rate of the Deposit Services under the Renewed Master Services Agreement will be no less favourable to the Group than the highest of the deposit interest rates for the same type of deposits quoted by the other major domestic commercial banks in the PRC.

The internal control measures for monitoring the proposed Daily Deposit Caps in relation to the Deposit Services are as follows:

1. The finance department of the Company will monitor the amount of funds deposited into the designated account of the Shougang Group on a daily basis to ensure that the proposed Daily Deposit Caps will not be exceeded. If the deposits of the Group placed with the Shougang Group are expected to exceed the Daily Deposit Caps, the Shougang Group shall inform the Company in a timely manner and the Group will arrange for the transfer of funds to other deposit accounts of the Group.

2. The finance department of the Company will report to the management of the Company and provide updates on the deposit arrangements with the Shougang Group on a monthly basis.

3. The independent non-executive Directors and auditors of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Deposit Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Deposit Services) are in accordance with the terms of the Renewed Master Services Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and the proposed Daily Deposit Caps.

The capital risk control measures on the Deposit Services are as follows:

1. The Shougang Group will provide the Group with the reviewed financial report, compliance risk report and fund security and other statements of its subsidiary(ies) in which the relevant deposits are placed regularly.

2. The Shougang Group will ensure the safe operation of the fund management information systems. All fund management information systems of the Shougang Group or its subsidiary(ies) in which the relevant deposits are placed have passed the security test in respect of the interface of online banking of commercial banks and have reached the security standards for domestic commercial banks.

3. The Shougang Group will ensure that it or its subsidiary(ies) in which the relevant deposits are placed is/are operated in strict compliance with the risk monitoring indicators for financial institutions issued by the NFRA and that its major regulatory indicators such as capital adequacy ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the NFRA.

4. For the purpose of credit assessment, the finance department of the Company will (i) review the financial reports, compliance risk reports, and fund security and other statements provided by the Shougang Group (as stated in paragraph (1) above) on an annual basis; and (ii) review the credit rating reports on the Shougang Group published annually by credit rating agencies recognised by the PBOC.

5. To ensure that the Group will have sufficient working capital and liquidity for its business operations, the finance department of the Company will monitor the cash position of the Group from time to time and the Group will make withdrawals where necessary to ensure that the amount deposited with the Shougang Group under the Deposit Services shall not exceed 75% of the Group's total cash position.

Information Technology Services

The internal control measures for monitoring the proposed Information Technology Service Fee Caps under the Renewed Master Services Agreement are as follows:

1. The finance department of the Group shall fill in and submit statistical charts for the continuing connected transactions at least quarterly. In the event that the service fees incurred and to be incurred in respect of the Information Technology Services is expected to reach the Information Technology Service Fee Caps, the finance department will follow up forthwith by reporting and proposing a response to the management of the Company, and in the event that an amendment to the Information Technology Service Fee Caps is required, report particulars to the Board and hold a Board meeting for considering the matters in relation thereto to ensure compliance with the requirements under the Listing Rules.

2. The independent non-executive Directors and auditors of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Information Technology Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Information Technology Services) are in accordance with the terms of the Renewed Master Services Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the proposed Information Technology Service Fee Caps.

Property Leasing Services

The internal control measures for monitoring the proposed Lease Caps are as follows:

1. Prior to entering into any individual agreement for lease of property in respect of the Property Leasing Services, the finance department of the Company will monitor the market price of the rent under the Property Leasing Services, including checking (a) the rental amount of the properties leased by the Group from Independent Third Parties; and (b) the market price of the properties within the same or similar geographical location by obtaining at least two quotations of market rents charged by Independent Third Parties for similar properties in the vicinity obtainable through websites of and enquiry with third party real estate agencies, so as to ensure that the transactions under the Property Leasing Services are conducted in accordance with normal commercial terms and are on terms that are no less favourable to the Group than those offered by Independent Third Parties.

2. The finance department of the Company will provide to the Board information on the actual rental amounts on a monthly basis. The finance department will be responsible for monitoring the actual rental amounts to ensure that they do not exceed the Lease Caps. If the finance department estimates that the Lease Caps will likely be exceeded, the finance department will follow up forthwith by reporting and proposing a response to the management of the Company, and in the event that an amendment to the Lease Caps is required, report particulars to the Board and hold a Board meeting for considering the matters in relation thereto to ensure compliance with the requirements under the Listing Rules.

3. The independent non-executive Directors and auditors of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Property Leasing Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Property Leasing Services) are in accordance with the terms of the Renewed Master Services Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and the proposed Lease Caps.

Management and Financial Advisory Services, Financial Technical Services and Other Financial Services

The internal control measures on monitoring the proposed Management and Financial Advisory Service Fee Caps, Financial Technical Service Fee Caps and Other Financial Service Fee Caps under the Renewed Master Services Agreement are as follows:

1. The finance department of the Group shall fill in and submit statistical charts for the continuing connected transactions relating to the Management and Financial Advisory Services, the Financial Technical Services and Other Financial Services at least quarterly. In the event that the service fees incurred and to be incurred in respect of the Management and Financial Advisory Services, Financial Technical Services and Other Financial Services are expected to reach the relevant proposed annual caps, the finance department will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the relevant proposed annual caps is required, report particulars to the Board and hold a Board meeting for considering the matters in relation thereto to ensure compliance with the requirements under the Listing Rules.

2. The independent non-executive Directors and auditors of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Management and Financial Advisory Services, the Financial Technical Services and Other Financial Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Management and Financial Advisory Services, the Financial Technical Services and Other Financial Services) are in accordance with the terms of the Renewed Master Services Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and the proposed Management and Financial Advisory Service Fee Caps, Financial Technical Service Fee Caps and Other Financial Service Fee Caps.

3. In respect of the Other Financial Services, to minimise the risks of relying on the Shougang Group for revenue collection, the receivable collection team of the Company will liaise with the relevant receivable collection team of the Shougang Group regularly to keep track of the trade receivables owed from customers who have retained the Group's services as ancillary services which are included in the service package provided by the Shougang Group to such customers, so as to calculate and ascertain the amount of payment collection service fees payable to the Shougang Group accordingly.

Reasons for and benefits of entering into the Renewed Master Services Agreement

Given the transaction history between the Group and the Shougang Group, a close and mutually beneficial cooperative relationship between the parties has been formed which allows the parties to negotiate on good commercial terms in respect of the transactions contemplated under the Renewed Master Services Agreement.

In respect of the Deposit Services, the Deposit Interest Rate in relation to the Deposit Services will not be lower than the rates the Group would receive from major domestic commercial banks in the PRC, which would enable the Group to generate interest income therefrom. Deposits placed with the Shougang Group would also be conducive to realising centralised fund collection and management of subsidiaries of the Group and could satisfy the flexible needs of funds of the Group. Moreover, as disclosed in the section headed "Internal Control — Services provided by the Shougang Group or the Group — Deposit Services" in this announcement, to ensure that the Group will have sufficient working capital and liquidity for its business operations, the finance department of the Company will monitor the cash position of the Group from time to time and the Group will make withdrawals where necessary to ensure that the amount deposited with the Shougang Group under the Deposit Services shall not exceed 75% of the Group's total cash position.

Furthermore, the credit rating of Shougang as rated by Dagong Global Credit Rating Co., Ltd.* (大公國際資信評估有限公司), a credit rating agency recognised by the PBOC, for the year 2022 was "AAA", which evidenced that Shougang has healthy cash flow and strong capability to repay its debt. Hence the credit risk in relation to placing deposits with financial institutions under the Shougang Group would be relatively low.

Meanwhile, obtaining the Information Technology Services from the Shougang Group will enable the Group to optimise its overall information technology infrastructure, enhance its core technology capabilities, improve the operation and maintenance of its data management systems and hence increase the operational efficiency of the Group as a whole. The service fees payable by the Group in respect of the Information Technology Services will be determined after arm's length negotiations between the parties and shall, in any event, not exceed the service fees offered by other service providers who are Independent Third Parties and provide similar services.

In respect of the Property Leasing Services, the Group anticipates the continuing need to lease certain properties from the Shougang Group in light of its business growth, therefore the lease of properties from the Shougang Group for use as office spaces will facilitate the Group's administration and daily operation and satisfy the Group's business development needs. The rental amount will be determined after arm's length negotiations between the parties and shall, in any event, not exceed the amount of rent payable by or to be charged by an Independent Third Party in respect of properties similar to the leased properties under the Property Leasing Services.

As for the provision of the Management and Financial Advisory Services, since the Company has maintained a good working relationship with the Shougang Group over the years and developed a good mutual understanding in terms of business nature and scope of operations, higher work efficiency could be better achieved as the Group would be able to provide the Shougang Group suitable advice to cater to the Shougang Group's specific needs. Furthermore, the service fees in respect of the provision of the Management and Financial Advisory Services, by the Group to the Shougang Group will be determined after arm's length negotiations between the parties and shall, in any event, not be lower than the service fees offered to customers of the Group who are Independent Third Parties in the provision of similar services.

Meanwhile, based on the Group's understanding of the Shougang Group's business nature, scope of operations and business plans developed from the continuous good working relationship over the years, the provision of the Financial Technical Services by the Group to the Shougang Group (i) is in line with the Shougang Group's long term plans to invest in its technological platforms and promote digital transformation, and (ii) would hence provide a stable stream of revenue to the Group. Furthermore, the service fees in respect of the provision of the Financial Technical Services by the Group to the Shougang Group will be determined after arm's length negotiations between the parties and shall, in any event, not be lower than the service fees offered to customers of the Group who are Independent Third Parties in the provision of similar services.

In respect of the Other Financial Services provided by the Group to the Shougang Group, which comprise of corporate credit certification services, payment and settlement services and provision of ancillary online tools services, this is in line with the Group's transformation of its business focus to multi-tier transfer of electronic creditors' rights certificates and related businesses for the steel industry chain in late 2022, details of which are disclosed in the 2022 Annual Report. As Shougang is one of the largest steel production enterprises in the PRC, the Directors anticipate that the Shougang Group will have a steady demand for the Group's corporate credit certification services, payment and settlement services and ancillary online tools services, which would provide a stable stream of revenue to the Group. Furthermore, the service fees in respect of the provision of the Other Financial Services by the Group to the Shougang Group will be determined after arm's length negotiations between the parties and shall, in any event, not be lower than the service fees offered to customers of the Group who are Independent Third Parties in the provision of similar services.

For the Other Financial Services provided by the Shougang Group to the Group, which comprise of payment collection services and other related services, by levering on the mutual understanding between the Group and the Shougang Group in terms of business operations and the synergic advantages developed from the good working relationship maintained over the years, the Group will be able to benefit from a more centralised and efficient mechanism of collecting trade receivables owed from customers who have retained the Group's services as ancillary services which are included in the service package provided by the Shougang Group to such customers. Furthermore, in respect of the provision of the Other Financial Services by the Shougang Group to the Group, the service fees payable by the Group shall, in any event, not exceed the service fees offered by Independent Third Party service providers for similar services. Moreover, as disclosed in the section headed "Internal Control — Services provided by the Shougang Group or the Group — Management and Financial Advisory Services, Financial Technical Services and Other Financial Services" in this announcement, to minimise the risks of relying on Shougang Group for revenue collection, the receivable collection team of the Company will liaise with the relevant receivable collection team of the Shougang Group regularly to keep track of the trade receivables owed from customers who have retained the Group's services as ancillary services which are included in the service package provided by the Shougang Group to such customers, so as to calculate and ascertain the amount of payment collection service fees payable to the Shougang Group accordingly.

The provision of the Management and Financial Advisory Services, Financial Technical Services, and Other Financial Services (in respect of corporate credit certification services, payment and settlement services and ancillary online tools services) by the Group to the Shougang Group will contribute to revenue of the Group.

In view of the above reasons, the Directors (including the independent non-executive Directors but excluding the Directors who have material interests in the transactions contemplated hereunder as described in the section headed "Listing Rules Implications" of this announcement below) (if any) consider that the Renewed Master Services Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole.

Financial effect of the Deposit Services and the Property Leasing Services

In respect of the Deposit Services, the Deposit Interest Rate in relation to the Deposit Services will not be lower than the rates the Group would receive from major domestic commercial banks in the PRC, which would enable the Group to generate interest income therefrom. Nevertheless, the Group does not expect there will be any significant effect on the earnings, assets and liabilities of the Group.

In respect of the Property Leasing Services, pursuant to HKFRS 16, upon the Group entering into leases as lessee with the Shougang Group pursuant to the Renewed Master Services Agreement, right-of-use assets will be recognised by the Group at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. At the commencement date of the lease, lease liabilities are recognised at the present value of the lease payments payable over the lease term, discounted using the incremental borrowing rate. Regarding the impact on earnings, the Group will incur an annual depreciation expense of the right-of-use assets over the useful life on a straight line-basis and an interest expense on the lease liabilities will be charged.

INFORMATION OF THE PARTIES

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of sale and leaseback arrangement services, supply chain management services and financial technology services and property leasing business.

Shougang and the Shougang Group

Shougang is a company established in the PRC. Shougang Group a state-owned enterprise wholly owned by the Beijing State-owned Capital Operation and Management Centre (北京國有資本運營管理中心*) which is in turn wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會*).

Shougang is one of the largest steel production enterprises in the PRC and is principally engaged in a wide range of business including steel and iron production, overseas business, property development, mining resources and other businesses. As at the date of this announcement, Shougang is interested in 2,425,736,972 Shares of the Company, representing approximately 61.35% of the Company's total issued share capital as at the date of the this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shougang is the controlling shareholder of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed Master Services Agreement constitute continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, as the Company proposes to revise the annual caps for the Information Technology Services and for its continuing connected transactions, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions. In addition, pursuant to the note under Rule 14A.35 of the Listing Rules, if there is any material variation of its terms in relation to connected transaction, the Company shall announce such fact as soon as practicable and must also re-comply with the relevant Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised Annual Caps under the Supplemental Master Services Agreement is more than 5.0%, and the maximum aggregate annual consideration payable under the 2023 Master Services Agreement as revised by the Supplemental Master Services Agreement on an annual basis, is more than HK$10,000,000, the revision of the Existing Annual Caps to the Revised Annual Caps through the entering into of the Supplemental Master Services Agreement is subject to reporting, announcement, circular and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Renewed Master Services Agreement is more than 5%, the transactions contemplated under the Renewed Master Services Agreement are subject to the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the aggregate of the Daily Deposit Caps and the Lease Caps is more than 25%, the provision of the Deposit Services and the Property Leasing Services by the Shougang Group to the Group may also constitute a major transaction for the Company subject to the requirements of notification, announcement, and Shareholders' approval under Chapter 14 of the Listing Rules. Since the transactions under the Deposit Services and the Property Leasing Services will also constitute continuing connected transactions for the Company as described above, these transactions will also be subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules as aforesaid.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) will be formed to advise the Independent Shareholders on the terms of (i) the Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

GENERAL INFORMATION

Ms. Fu Yao (an executive Director of the Board) is also a director of a subsidiary of Shougang and is therefore considered to have material interests in the transactions contemplated under the (i) Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions thereunder and had voluntarily abstained from voting on the Board resolutions approving (i) the Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, none of the other Directors has any material interest in the (i) Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions thereunder and was required to abstain from voting on the Board resolutions approving (i) the Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder.

CIRCULAR

The Company will convene a special general meeting for the Independent Shareholders to consider and, if thought fit, approve (i) the Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, proposed annual caps and the transactions contemplated thereunder.

A circular containing, among others, details of (i) the Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, proposed annual caps and the transactions contemplated thereunder, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser containing its advice on the same will be despatched to the Shareholders in compliance with the Listing Rules on or before 15 August 2025.

DEFINITIONS

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

"2023 Master Services Agreement"	the existing master services agreement entered into between the Company and Shougang on 28 April 2023
"associate"	has the meaning ascribed to it under the Listing Rules
"Annual Caps"	collectively, the Daily Deposit Caps, Management and Financial Advisory Service Fee Caps, Financial Technical Service Fee Caps, Information Technology Service Fee Caps, Lease Caps and the Other Financial Service Fee Caps
"Board"	the board of Directors of the Company
"Company"	Capital Industrial Financial Services Group Limited (首惠產業金融服務集團有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 730)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Daily Deposit Caps"	the proposed maximum daily balance of deposits (including the corresponding interest accrued thereon) placed by the Group with the Shougang Group in the amount of RMB335,000,000 during the Term pursuant to the Renewed Master Services Agreement
"Deposit Interest Rate"	the deposit interest rate to be negotiated between the Group and the Shougang Group that is not lower than the deposit interest rates for the same type of deposits quoted by the four other major domestic commercial banks in the PRC for the Renewed Master Services Agreement
"Deposit Services"	the deposit and related services provided by the Shougang Group to the Group under the Renewed Master Services Agreement, details of which are set out in the paragraph headed "RENEWED MASTER SERVICES AGREEMENT — Principal Terms — Scope of services provided by the Shougang Group or the Group — (i) Deposit Services" in this announcement

"Director(s)"	the director(s) of the Company
"Existing Annual Caps"	the existing annual caps for the Information Technology Services by the Shougang Group to the Group under the 2023 Master Services Agreement
"Financial Technical Services"	the financial technical services provided by the Group to the Shougang Group under the Renewed Master Services Agreement, details of which are set out in the paragraph headed "RENEWED MASTER SERVICES AGREEMENT — Principal Terms — Scope of services provided by the Shougang Group or the Group — (v) Financial Technical Services" in this announcement
"Financial Technical Service Fee Caps"	the proposed annual caps in respect of the service fees payable by the Shougang Group to the Group in relation to the Financial Technical Services pursuant to the Renewed Master Services Agreement
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the committee of the Board comprising all the independent non-executive Directors
"Independent Financial Adviser" or "Rainbow Capital"	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders who do not have a material interest in (i) the Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder
"Independent Suppliers"	suppliers which are independent of and not connected with Shougang and its connected persons

"Independent Third Party(ies)"	independent third party(ies) who is/are independent of and not connected with the Company and its connected persons
"Information Technology Services"	the information technology services provided by the Shougang Group to the Group under the Renewed Master Services Agreement, details of which are set out in the paragraph headed "RENEWED MASTER SERVICES AGREEMENT — Principal Terms — Scope of services provided by the Shougang Group or the Group — (ii) Information Technology Services" in this announcement
"Information Technology Service Fee Caps"	the proposed annual caps in respect of the service fees payable by the Group to the Shougang Group in relation to the Information Technology Services pursuant to the Renewed Master Services Agreement
"Lease Caps"	the proposed annual caps in respect of the fees payable on the lease of properties to the Group under the Renewed Master Services Agreement in relation to the Property Leasing Services
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Management and Financial Advisory Services"	the management and financial advisory services provided by the Group to the Shougang Group under the Renewed Master Services Agreement, details of which are set out in the paragraph headed "RENEWED MASTER SERVICES AGREEMENT — Principal Terms — Scope of services provided by the Shougang Group or the Group — (iv) Management and Financial Advisory Services" in this announcement
"Management and Financial Advisory Service Fee Caps"	the proposed annual caps in respect of the service fees payable by the Shougang Group to the Group in relation to the Management and Financial Advisory Services pursuant to the Renewed Master Services Agreement
"NFRA"	the National Financial Regulatory Administration
"Other Financial Services"	certain financial services provided by the Shougang Group or the Group (as the case may be) under the Renewed Master Services Agreement, details of which are set out in the paragraph headed "RENEWED MASTER SERVICES AGREEMENT — Principal Terms — Scope of services provided by the Shougang Group or the Group — (vi) Other Financial Services" in this announcement

"Other Financial Service Fee Caps"	the proposed annual caps in respect of the total service fees payable by the Shougang Group and/or the Group (as the case may be) in relation to the Other Financial Services pursuant to the Renewed Master Services Agreement
"PBOC"	the People's Bank of China
"PRC"	the People's Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macao Special Administrative Region of the People's Republic of China and Taiwan
"Property Leasing Services"	the property leasing services provided by the Shougang Group to the Group under the Renewed Master Services Agreement, details of which are set out in the paragraph headed "RENEWED MASTER SERVICES AGREEMENT — Principal Terms — Scope of services provided by the Shougang Group or the Group — (iii) Property Leasing Services" in this announcement
"Renewed Master Services Agreement"	the renewed master services agreement entered into between the Company and Shougang on 25 July 2025 in relation to the 2023 Master Services Agreement
"Revised Annual Caps"	has the meaning ascribed to it under the section headed "REVISION OF ANNUAL CAPS FOR INFORMATION TECHNOLOGY SERVICES" in this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	a special general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve (i) the Supplemental Master Services Agreement, including the Revised Annual Cap and the transactions contemplated thereunder; and (ii) the Renewed Master Services Agreement , the proposed annual caps and the transactions thereunder
"Share(s)"	ordinary share(s) with par value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"Shougang"	Shougang Group Co., Ltd., a state-owned enterprise established in the PRC and the controlling shareholder of the Company, which through its wholly owned subsidiaries, held 2,425,736,972 Shares, representing approximately 61.35% of the issued share capital of the Company as at the date of this announcement

"Shougang Group"	Shougang and its subsidiaries
'Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Master Services Agreement"	the supplemental master services agreement entered into between the Company and Shougang on 25 July 2025, supplement to the 2023 Master Services Agreement
"Term"	the term of the Renewed Master Services Agreement, which is 3 years commencing from 1 January 2026 to 31 December 2028 (both days inclusive)
"%"	per cent

By Order of the Board
Capital Industrial Financial Services Group Limited
Sun Yajie
Chairman

Hong Kong, 25 July 2025

As at the date of this announcement, the Board comprises Ms. Sun Yajie (Chairman); Ms. Fu Yao (Managing Director); Mr. Tian Gang (Executive Director); Mr. Huang Donglin (Non-executive Director); Mr. Tam King Ching, Kenny (Independent Non-executive Director); Mr. Ng Man Fung, Walter (Independent Non-executive Director) and Ms. On Danita (Independent Non-executive Director).

For the purpose of this announcement, unless otherwise specified, the conversion of RMB into HK$ is based on the approximate exchange rate from RMB1.00 to HK$0.93. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

* *For identification purpose only*