
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CAPITAL INDUSTRIAL FINANCIAL SERVICES GROUP LIMITED you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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;
(2) RENEWAL OF MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
THE MASTER SERVICES AGREEMENT;
(3) REVISION OF ANNUAL CAPS OF VERY SUBSTANTIAL
ACQUISITION AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 MASTER FACILITIES AGREEMENT;
AND
NOTICE OF SPECIAL GENERAL MEETING**

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

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

A letter from the Board is set out on pages 7 to 50 of this circular and a letter from the Independent Board Committee to the Independent Shareholders is set out on pages 51 to 52 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 53 to 109 of this circular.

A notice convening the SGM to be held at 11:00 a.m. on Friday, 26 September 2025 at 4/F, Building 5, Jinankehuan Plaza, Shougang Park Group, Shijingshan District, Beijing, PRC is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for the SGM for use by the Shareholders is enclosed with this circular.

Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish.

* For identification purposes only

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DEFINITIONS

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

“2023 Master Services Agreement”	the existing master services agreement entered into between the Company and Shougang on 28 April 2023
“2024 Credit Finance Facilities”	the credit finance facilities (with a principal amount of RMB600,000,000) to be provided by the Company and/or its subsidiaries to members of Shougang Group in accordance with the 2024 Master Facilities Agreement
“2024 Facilities”	the facilities consisting of 2024 Credit Finance Facilities and 2024 Finance Leasing Facilities to be provided by the Company and/or its subsidiaries to members of Shougang Group in accordance with the 2024 Master Facilities Agreement
“2024 Finance Leasing Facilities”	the finance leasing facilities (with a principal amount of RMB140,000,000) to be provided by the Company and/or its subsidiaries to members of Shougang Group in accordance with the 2024 Master Facilities Agreement
“2024 Master Facilities Agreement”	the agreement dated 29 August 2024 entered into between the Company and Shougang in relation to the provision by the Group of 2024 Facilities to Shougang Group
“2024 Master Facilities Annual Cap(s)”	the existing annual cap(s) for the transactions contemplated under the 2024 Master Facilities Agreement
“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 for the Renewed Master Services Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“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 and 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

DEFINITIONS

“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 circular
“Director(s)”	the director(s) of the Company
“Effective Date of the Supplemental Master Facilities Agreement”	the date of which the 2024 Master Facilities Agreement and the transactions contemplated thereunder and the proposed annual caps of the 2024 Master Facilities Agreement being approved by Independent Shareholders in the special general meeting of the Company dated 25 October 2024
“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 circular

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“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 independent 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; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities 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 Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities 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

DEFINITIONS

“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 circular
“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
“Latest Practicable Date”	28 August 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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 circular
“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

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“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 circular
“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 purpose of this circular, does not include Hong Kong, Macao Special Administrative Region 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 circular
“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 circular
“Revised Credit Finance Facilities”	the proposed credit finance facilities (with a principal amount of RMB1,800,000,000) to be provided by the Company and/or its subsidiaries to members of Shougang Group in accordance with the Supplemental Master Facilities Agreement
“Revised Facilities Annual Caps”	the proposed revised annual caps for the transactions contemplated under the Supplemental Master Facilities Agreement which includes the principal amount of the 2024 Facilities, relevant interest and handling fees
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 11:00 a.m. on Friday, 26 September 2025 at 4/F, Building 5, Jinankehuan Plaza, Shougang Park Group, Shijingshan District, Beijing, PRC and at any adjournment to consider and, if appropriate, to approve the resolutions contained in the notice of SGM which is set out on pages SGM-1 to SGM-4 of this circular
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shougang”	Shougang Group Co., Ltd., (首鋼集團有限公司) 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 circular
“Shougang Group”	Shougang and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Master Facilities Agreement”	the supplemental master facilities agreement dated 25 July 2025 entered into between the Company and Shougang, supplement to the 2024 Master Facilities Agreement
“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

For the purpose of this circular, unless otherwise specified, the conversion of RMB into HK\$ is based on the approximate exchange rate from RMB1.00 to HK0.93. 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.



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)

Executive Directors:

Ms. Sun Yajie (*Chairman*)
Ms. Fu Yao (*Managing Director*)
Mr. Tian Gang (*Executive Director*)

Non-executive Director:

Mr. Huang Donglin

Independent Non-executive Directors:

Mr. Tam King Ching, Kenny
Mr. Ng Man Fung, Walter
Ms. On Danita

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

*Head office and Principal place of
business in Hong Kong:*

Suite 803, 8/F
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

3 September 2025

To the Shareholders

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAPS IN RELATION TO
MASTER SERVICES AGREEMENT;
(2) RENEWAL OF MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
THE MASTER SERVICES AGREEMENT;
(3) REVISION OF ANNUAL CAPS OF VERY SUBSTANTIAL
ACQUISITION AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 MASTER FACILITIES AGREEMENT;
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the two announcements of the Company both dated 25 July 2025 in relation to (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Service

* For identification purposes only

LETTER FROM THE BOARD

Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder respectively.

The purposes of this circular are:

- (i) to provide the Shareholders with further details of the (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Service Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated;
- (ii) to set out the opinion of the Independent Financial Adviser on the terms of the (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Service Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder;
- (iii) to set out the recommendations of the Independent Board Committee in respect of the (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Service Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder; and
- (iv) to give the Shareholders notice of the SGM to consider and, if thought fit, to approve the (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Service Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder.

1. THE SUPPLEMENTAL 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.

LETTER FROM THE BOARD

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 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.

LETTER FROM THE BOARD

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 <i>RMB'000</i>	From 1 January 2024 to 31 December 2024 <i>RMB'000</i>	For the period from 1 January 2025 to 31 May 2025 <i>RMB'000</i> <i>(Unaudited)</i>
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 <i>RMB'000</i>
Existing Annual Caps under the 2023 Master Services Agreement	6,000
Revised Annual Caps	<u>15,000</u>

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. Shougang Group has undertaken various projects from the 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 Latest Practicable Date, the Group has approved the aforesaid project proposals in the aggregated

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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 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 Latest Practicable Date 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. Based on the management's estimation, the Group plans to further invest approximately RMB6 million in upgrading and integrating the Group's current systems such as its corporate credit certification system, customer services system and customer relationship system with AI technology in the second half of 2025. 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 Latest Practicable Date, 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 this 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;

LETTER FROM THE BOARD

- (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. THE RENEWED MASTER SERVICE 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.

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.

LETTER FROM THE BOARD

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,

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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.

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(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).

LETTER FROM THE BOARD

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 circular.

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 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	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 RMB'000	2027 RMB'000	2028 RMB'000
Proposed Daily Deposit Caps	335,000	335,000	335,000

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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. Based on the Group's management account, the Group's cash and cash equivalents amounted to approximately RMB387.4 million as at 31 May 2025;
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 circular 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

Pricing policy

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 at least two 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.

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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 circular.

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. In particular, with the development and expansion of the Group's business, the Group may need to deploy new functions, develop new system, increase the scope of cybersecurity risk assessment, and expand the capacity of its system and financial platform; and

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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. 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 recently and applies DeepSeek across business scenarios of the Company's self-developed supply chain financial platform, entering into the Group's new stage in the implementation of financial technology and digital finance. Through 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 and information system and the Group's focus on the supply chain management and financial technology business, it is expected that the Group's demand for the Information Technology Services will increase since 2025. For instance, based on the management's estimation, the Group plans to further invest approximately RMB12 million in upgrading and integrating the Group's current systems, deploy new functions, develop new system, increase the scope of cybersecurity risk assessment, and expand the capacity of its system and financial platform in 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 circular 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.

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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 circular.

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 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	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 RMB'000	2027 RMB'000	2028 RMB'000
Proposed Lease Caps	5,000	5,000	5,000

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

- the historical transaction amounts in respect of lease payments paid by the Group to the Shougang Group. The Company noted that the actual transaction amounts of the lease payments made by the Group to Shougang Group under the 2023 Master Services Agreement amounted to approximately RMB0.8 million, RMB1.4 million and RMB0.8 million for the period from 28 April 2023 to 31 December 2023, the financial year ended 31 December 2024 and the five months ended 31 May 2025, respectively, representing approximately 18.6%, 19.1% and 10.9% of the annual caps in 2023, 2024 and 2025,

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respectively. Such low utilisation rates for 2023, 2024 and 2025 were primarily attributable to the fact that (a) the Group did not continue to rent its Hong Kong office from Shougang Group since 2023; and (b) the Group's expansion plan in terms of number of employees and office area did not reach its original expectation;

2. the pricing basis of the rental amount as disclosed above in this section; and
3. 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, in view of the Group's continued efforts to develop its provision of customised and comprehensive financial service solutions to the steel industry and upstream and downstream customers on the industry chain, and strive to meet its medium and long-term strategic goal of continuous growth in performance, 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 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 circular 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 mark-up rate of not less than 3%; 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,

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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 circular.

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 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	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 RMB'000	2027 RMB'000	2028 RMB'000
Proposed Management and Financial Advisory Service Fee Caps	8,000	8,000	8,000

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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 circular 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 mark-up rate of not less than 5%; 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.

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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 circular.

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 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	5,165	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 RMB'000	2027 RMB'000	2028 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:

- the historical transaction amounts in relation to the Financial Technical Service Fee. The Company noted that the actual transaction amounts of the Financial Technical Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement amounted to approximately RMB5.2 million, RMB7.0 million and RMB2.9 million for the period from 28 April 2023 to 31 December 2023, the financial year ended 31 December 2024 and the five months ended 31 May 2025, respectively, representing approximately 34.4%, 46.6% and 19.6% of the annual caps in 2023, 2024 and 2025, respectively. Such low utilisation rates for 2023, 2024 and 2025 were primarily attributable to (a) Shougang Group's demand on system upgrade was lower than expected; and (b) the current utilisation rate for the five months ended 31 May 2025 does not

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reflect the actual demand of Shougang Group for the Financial Technical Services in the financial year ending 31 December 2025 as the majority of the transaction amount of the Financial Technical Services fees is generally recognised at the end of the financial year;

2. the respective pricing basis of service fees;
3. the expected scope and service specifications of the 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; 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. As stated in the annual report of the Company for the year ended 31 December 2024, the Group has been making enormous efforts to upgrade its supply chain financial platform (the "**Shougang SCF Platform**"), committed to provide customers with more comprehensive and diversified products and services. During the year ended 31 December 2024, the aggregate amount of issued Shougang credit certificate has reached RMB14.52 billion, and the aggregate amount of financing enabled by using Shougang credit certificate has reached RMB11.08 billion. Furthermore, the number of registered suppliers in the Shougang SCF Platform increased from 2,378 suppliers to 3,788 suppliers, and the number of financial institutions increased from 2 institutions to 5 institutions. The Directors are of the opinion that the Group's efforts have achieved significant results and the business on Financial Technical Services will continue to expand in the future.

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 circular 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.

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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 circular.

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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 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	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 RMB'000	2027 RMB'000	2028 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:

- the historical transaction amounts in relation to the Other Financial Services Fee. The Company noted that the actual transaction amounts of the Other Financial Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement amounted to approximately RMB8.2 million, RMB10.0 million and RMB4.3 million for the period from 28 April 2023 to 31 December 2023, the financial year ended 31 December 2024 and the five months ended 31 May 2025, respectively, representing approximately 58.9%, 71.6% and 26.6% of the annual caps in 2023, 2024 and 2025, respectively. The

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low utilisation rates for the five months ended 31 May 2025 was primarily attributable to that Shougang Group's demand on corporate credit certification services and payment and settlement services was lower than expected;

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. The management considered and compared the service fees rate that the Group has been charging its Independent Third Party customers for similar services and adopted a service fee rate of not less than 0.1% for the Other Financial Services to be provided by the Group to Shougang Group, which is not lower than the service fees rate chargeable on the Group's Independent Third Party customers for similar services.

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 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	10,410	10,221	5,103

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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 2026 RMB'000	For the year ending 31 December 2027 RMB'000	2028 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 circular 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.

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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.

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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.

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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

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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.

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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 circular, 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

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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 leveraging 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 circular, to minimise the risks of relying on Shougang Group for revenue collection, the receivable collection team of

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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 circular 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.

3. THE SUPPLEMENTAL MASTER FACILITIES AGREEMENT

References are made to the announcement of the Company dated 29 August 2024 as well as the circular of the Company dated 9 October 2024 in relation to the 2024 Master Facilities Agreement, pursuant to which the Company has conditionally agreed to provide or procure its subsidiaries to provide the 2024 Facilities to Shougang Group in an aggregate principal amount of up to RMB2,000,000,000 (equivalent to approximately HK\$2,151,000,000).

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The 2024 Facilities include 2024 Credit Finance Facilities and 2024 Finance Leasing Facilities, with a principal amount of RMB600,000,000 and RMB1,400,000,000 respectively. Nevertheless, the actual demand for the 2024 Credit Finance Facilities under the 2024 Master Facilities Agreement is expected to exceed the original expectations, which will result in a corresponding increase in the total amount of expected 2024 Credit Finance Facilities under such agreement. As such, the aggregate amount of 2024 Credit Finance Facilities to Shougang Group under the 2024 Master Facilities Agreement is expected to be higher than the level envisaged at the time when the parties entered into the 2024 Master Facilities Agreement.

In this regard, on 25 July 2025, the Company and Shougang entered into the Supplemental Master Facilities Agreement, pursuant to which the Company and Shougang agreed to increase the principal amount of 2024 Credit Finance Facilities from RMB600,000,000 to RMB1,800,000,000. As such, the Board expects that the 2024 Master Facilities Annual Caps may not be sufficient. Therefore, the Board proposed to increase the aggregate annual caps of the transactions contemplated under the 2024 Master Facilities Agreement i.e., the maximum outstanding balance in respect of the actual amount of 2024 Facilities utilised (which includes the principal amount of the 2024 Facilities, relevant interest and handling fees) from RMB2,262,000,000 to RMB2,543,000,000.

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

Date: 25 July 2025 (after trading hours)

Parties: (i) the Company; and
(ii) Shougang; and

Subject matter of the Supplemental Master Facilities Agreement: Pursuant to the Supplemental Master Facilities Agreement, Shougang agreed to revise and increase the principal amount of the 2024 Credit Finance Master Facilities from RMB600,000,000 to RMB1,800,000,000.

The 2024 Facilities shall be revised and increased from RMB2,000,000,000 to RMB3,200,000,000.

Accordingly, the aggregate annual caps of the transactions contemplated under the 2024 Master Facilities Agreement shall be increased from RMB2,262,000,000 to RMB2,543,000,000 which includes the principal amount of the 2024 Facilities, relevant interest and handling fees.

Save for the above revision, all other terms and conditions under the 2024 Master Facilities Agreement shall remain unchanged.

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

- (i) approval(s) by the Board having been obtained for the Revised Facilities Annual Caps contemplated under the Supplemental Master Facilities Agreement; and
- (ii) approval(s) by the Independent Shareholders having been obtained for the Revised Facilities Annual Caps contemplated under the Supplemental Master Facilities Agreement.

(A) Major terms of the 2024 Finance Leasing Facilities

2024 Finance Leasing Facilities amount : The finance lease facilities amount under each finance lease shall be the purchase price of the lease items, subject to such amount shall not exceed the unutilised portion of the 2024 Finance Leasing Facilities.

The purchase price of the lease items will be determined upon arm's length negotiations between the leasing parties with reference to lessor's purchase cost of the relevant equipment/asset items and the prevailing market price for such equipment/asset based on the relevant valuation report (if applicable).

Lease items : The lease items will be equipment and/or properties to be used by Shougang and/or its subsidiaries in their ordinary course of business. There is no other limitation or restriction on the type of equipment/properties to be included as a lease item as long as the leasing of such equipment/properties is in compliance with the applicable laws and regulations. The Group will assess the lease items on a case-by-case basis before granting each of the finance lease loan.

Term of each 2024 Finance Leasing Facilities : The duration of each loan will be negotiated on a case-by-case basis and term of each finance lease loan will not have a term of longer than six (6) years from the date of the grant of the relevant loan.

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To ensure the compliance of the Listing Rules, it is agreed that if the Company fails to renew the 2024 Master Facilities Agreement after the last day of its Effective Date, the Group has the rights to terminate the relevant finance lease loan and demand Shougang Group for full repayment of the outstanding loan within 14 days upon written notice.

- Interest rate : The interest rate payable by the relevant lessee shall be at a rate equal to the cost of lending of the Group plus 1% to 5%, subject to not being more than 10%.
- Payment date of the lease and interest : Unless otherwise agreed, payment under each finance lease and the interest accrued shall be on a quarterly basis on the 21st day of March, June, September and December.
- Security deposit : The Group shall be entitled to a security deposit to secure the payment obligations of the relevant lessee under a finance lease, the amount and payment arrangement of which will be determined in accordance with the circumstances of each case and set out in the specific agreement to be entered into by the Group and Shougang and/or its subsidiaries for each finance lease. If the relevant lessee breaches the finance lease, the Group shall be entitled to deduct from the security deposit such sum(s) payable to the Group, and within 3 business days of such deduction, the relevant lessee shall top up the required security deposit. The security deposit shall only be returned without interest by the Group when the lease items are duly returned to the Group and there has been no outstanding sums under the finance lease.

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- Handling fee : The Group shall be entitled to charge the relevant lessee for each finance lease a non-refundable handling fee of not more than 3.75% of the principal amount of the finance lease. Such handling fee shall be payable on the date of the drawdown of the fund. The handling fee is charged for the services provided by the Group in assessing the feasibility of conducting the relevant finance lease transactions. The handling fees and level of security deposits are determined by the Group on a case-by-case basis and will in any event determined with reference to the overall return of each project. Such rate is adjustable depending on various\ factors, including the level of services as provided by the Group and the risk exposures of the finance lease transactions.
- Lessee's option to purchase : At the end of the finance lease, the relevant lessee will have the right to purchase the lease items at a nominal purchase price equal to 0.01% of the loan amount of the finance lease, which was based on the scale commonly used for end of term purchase by the lessee in the finance lease industry.

(B) Major terms of the 2024 Credit Finance Facilities

- 2024 Credit Finance Facilities amount : The credit financing facilities amount shall be such amount requested by Shougang Group, subject to such amount shall not exceed the unutilised portion of the 2024 Credit Finance Facilities.
- Term of each 2024 Credit Finance Facilities : The duration of each loan will be negotiated on a case-by-case basis and term of each credit financing loan will not have a term of longer than three (3) years from the date of the grant of the relevant loan.
- To ensure the compliance of the Listing Rules, it is agreed that if the Company fails to renew the 2024 Master Facilities Agreement after the last day of its Effective Date, the Group has the rights to terminate the relevant credit financing loan and demand Shougang Group for full repayment of the outstanding loan within 14 days upon written notice.
- Interest rate : The interest rate payable by the relevant borrower shall be at a rate equal to the cost of lending of the Group plus 1% to 5%, subject to not being more than 10%.

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Repayment date of the credit financing and interest	:	Unless otherwise agreed, the outstanding principal of the credit financing shall be repayable at the expiry of the term of the credit financing and the interest accrued shall be paid on a quarterly basis on the 21st day of March, June, September and December.
Handling fee	:	The Group shall be entitled to charge the relevant borrower a non-refundable handling fee of not more than 1.5% of the principal amount of the credit financing. Such handling fee is negotiated on a case-by-case basis by reference to the handling fee charged by other finance companies for credit financing of similar nature. Such fee shall be payable at least five business days before the drawdown of the credit financing.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts under the 2024 Master Facilities Agreement and utilisation of the 2024 Master Facilities Annual Caps under the 2024 Master Facilities Agreement are set out as follows:

	Aggregate principal utilised during the year ended 31 December 2024 <i>RMB'million</i>	Maximum outstanding balance during the year ended 31 December 2024 <i>RMB'million</i>	Aggregate principal utilised for the period from 1 January 2025 to 31 May 2025 <i>RMB'million</i>	Max outstanding balance during the period from 1 January 2025 to 31 May 2025 <i>RMB'million</i>
2024 Credit Finance Facilities annual caps	600	669	600	669
Actual amount of 2024 Credit Finance Facilities utilised	500	514	600	458 ^(Note)

Note: The maximum outstanding balance in 2025 was smaller than the principal utilised in 2025 because the Credit Finance Facilities granted were non-revolving in nature, and hence the repaid principal in 2024 was no longer included in the maximum outstanding balance in 2025.

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REVISION OF 2024 MASTER FACILITIES ANNUAL CAPS

As a result of the revision of the 2024 Credit Finance Facilities pursuant to the Supplemental Master Services Agreement, set out below are the revision of 2024 Master Facilities Annual Caps for the years ending 31 December 2025 and 2026 and from 1 January 2027 to the last date of the Effective Date of the 2024 Master Facilities Agreement:

For the financial year/ period ending	Credit finance annual caps		Finance leasing annual caps	Aggregate (credit finance and finance leasing) facilities/Annual caps	
	2024 Master Facilities	Revised Facilities	2024 Master Facilities	2024 Master Facilities	Revised Facilities
	Annual Caps (RMB)	Annual Caps (RMB)	Annual Caps (RMB)	Annual Caps (RMB)	Annual Caps (RMB)
For the year ending 31 December 2025	669,000,000	950,000,000	1,593,000,000	2,262,000,000	2,543,000,000
For the year ending 31 December 2026	669,000,000	950,000,000	1,593,000,000	2,262,000,000	2,543,000,000
From 1 January 2027 to the last date of the Effective Date of the 2024 Master Facilities Agreement	669,000,000	950,000,000	1,593,000,000	2,262,000,000	2,543,000,000

BASIS OF DETERMINATION OF THE REVISED FACILITIES ANNUAL CAPS

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

- (i) The historical transaction amounts under the 2024 Master Facilities Agreement and utilisation of the 2024 Master Facilities Annual Caps under the 2024 Master Facilities Agreement;

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- (ii) the increase in expected demand for 2024 Credit Finance Facilities by Shougang Group. Based on the updated information provided by Shougang Group, it is expected that the Shougang Group would have the following financing needs which would require new credit finance facilities to be granted by the Group for the remaining term of the 2024 Master Facilities Agreement:

For the financial year/period ended	Expected demand on new credit finance facilities from Shougang Group (Approximate)
From 1 June 2025 to 31 December 2025	RMB210 million
31 December 2026	RMB700 million
31 December 2027	<u>RMB300 million</u>
Total:	<u><u>RMB1,210 million</u></u>

As such, the actual demand for the 2024 Credit Finance Facilities under the 2024 Master Facilities Agreement is expected to exceed the original expectations, which will result in a corresponding increase in the total amount of expected 2024 Credit Finance Facilities payable by the Company to Shougang Group under such agreement. For the year ended 31 December 2024, the historical transaction amount under the 2024 Credit Finance Facilities as of 31 December 2024 was approximately RMB500 million, which represented approximately 83.33% utilisation of the 2024 Credit Finance Facilities under the 2024 Master Facilities Annual Caps for the year ended 31 December 2024. For the period ended 31 May 2025, based on the unaudited management accounts of the Group, the historical transaction amount under 2024 Credit Finance Facilities as of 31 May 2025 was approximately RMB600 million, which represented approximately 100% utilisation of the 2024 Credit Finance Facilities under the 2024 Master Facilities Annual Caps for the year ending 31 December 2025. In light of the significant increment in utilisation of 2024 Credit Finance Facilities under the 2024 Master Facilities Annual Caps, the Group has upward adjusted the projections on the demand for the 2024 Credit Finance Facilities as compared to the year ended 31 December 2024 and hence the upward adjusted projections on annual caps for 2024 Credit Finance Facilities for the coming years;

- (iii) the availability of the Group's internal financial resources to finance the operation at the same time maintaining sufficient working capital and liquidity for the Group's daily operations; and
- (iv) the capability of the Group to raise the necessary funds to finance the operation.

In respect of the Revised Credit Finance Facilities, it is determined with reference to Shougang Group's latest financing plan, which was proposed by Shougang Group based on its internal assessment on the estimated capital and operational needs. The

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Group believes that the financing needs of Shougang Group would increase. In this regard, the Company has obtained and reviewed Shougang Group's latest financing plan, the existing facilities are expected to be largely utilised under the 2024 Master Facilities Agreement. In considering the future financing needs of Shougang Group, the Group noted that (a) as Shougang Group is the only iron and steel enterprise 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 Group has obtained strong support from the local government. Under the leadership of the State Council and the municipal government, Shougang Group has completed the construction and relocation of new plant in Jingtang base and Qian'an base to continuously optimise its iron and steel production business; and (b) Shougang Group will continue to explore and strengthen the synergies among different business divisions to increase its overall operating efficiency and profitability. While prioritising on its iron and steel production business, Shougang Group aims to create the comprehensive competitiveness of "production plus services" through different business divisions, such as iron and steel production, industrial park construction and financial services. Shougang Group believes that such synergies will help maximise the value of its business portfolio, enhance its risk resistance and improve its overall competitiveness.

As at the Latest Practicable Date, the 2024 Master Facilities Annual Caps for the financial year 31 December 2025 have not been exceeded.

FINANCIAL EFFECTS OF THE REVISION OF THE 2024 MASTER FACILITIES ANNUAL CAPS

Upon the revision of the 2024 Master Facilities Annual Caps, the Group's account receivable is expected to increase. As (i) the interest rate to be charged on each of the loans under the 2024 Master Facilities Agreement (as supplemented and amended by the Supplemental Master Facilities Agreement) would be at a rate equal to the cost of lending of the Company and/or its subsidiaries plus 1% to 5%, subject to not being more than 10%; and (ii) the Group shall be entitled to charge the relevant borrower under the 2024 Master Facilities Agreement (as supplemented and amended by the Supplemental Master Facilities Agreement) a non-refundable handling fee of not more than 1.5% of the principal amount of the credit-financing loan, the Group is able to earn more net income over the term of the 2024 Master Facilities Agreement (as supplemented and amended by the Supplemental Master Facilities Agreement) under the Revised Facilities Annual Caps. As such, the Directors consider that the entering into the Supplemental Master Facilities Agreement will have positive impact on the earnings of the Group in a long run.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL MASTER FACILITIES AGREEMENT

The Group has been officially regarded by Shougang Group as its key subsidiary group engaging in the provision of financial services to various enterprises. Leveraging the capabilities and experience of the Group in the financial services industry, Shougang Group has shown its intention to increase the business cooperation with the Group in respect of

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various financing projects, and hence driving up the demand for finance facilities to be provided by the Group. In fact, as illustrated above, in view of the historical transaction, the actual demand for the 2024 Credit Finance Facilities under the 2024 Master Facilities Agreement is expected to exceed the original expectations, which will result in a corresponding increase in the total amount of expected 2024 Credit Finance Facilities by Shougang Group under such agreement. As such, the aggregate amount of 2024 Credit Finance Facilities to Shougang Group under the 2024 Master Facilities Agreement is expected to be higher than the level envisaged at the time when the parties entered into the 2024 Master Facilities Agreement. In this regard, the Company and Shougang entered into the Supplemental Master Facilities Agreement, pursuant to which the Company and Shougang agreed to increase the principal amount of 2024 Credit Finance Facilities to the Revised Credit Finance Facilities. As such, the Board expects that the 2024 Master Facilities Annual Caps may not be sufficient. Therefore, the Board proposed to increase the aggregate annual caps of the transactions contemplated under the 2024 Master Facilities Agreement i.e., the maximum outstanding balance in respect of the actual amount of 2024 Facilities utilised (which includes the principal amount of the 2024 Facilities, relevant interest and handling fees) to the Revised Facilities Annual Caps.

The Group provides finance leases in its usual and ordinary course of business. The Group aims at sourcing customers in the finance lease segment with sufficient assets and good creditworthiness in order to safeguard the credit risks of the Group. Shougang Group is rich in assets and has a good credit history with good repayment capability. Before entering into the Supplemental Master Facilities Agreement, as credit assessment on Shougang Group, the Company reviewed (i) the financial information of Shougang Group which shows that Shougang Group has a healthy cash flow and financial position; and (ii) a credit rating report prepared by credit rating agency recognised by the People's Bank of China, which shows that Shougang Group has a good credit rating and strong capability to repay its debt. Hence, the credit risk in relation to providing financing funds to Shougang Group would be relatively low. As the Group has been providing facilities to Shougang Group in the past, and the 2024 Master Facilities Agreement (as supplemented and amended by the Supplemental Master Facilities Agreement) being entered into to enable the Group to continue to provide financing services to a trusted customers group.

The transactions contemplated under the 2024 Master Facilities Agreement (as supplemented and amended by the Supplemental Master Facilities Agreement) have been and will continue to be conducted in the ordinary and usual course of business of the Company. The Company will use its internal financial resources and external funding (such as bank borrowings), as the case may be, to fund the Revised Credit Finance Facilities and 2024 Finance Leasing Facilities to be provided to Shougang Group. For ensuring the profitability of the Group in granting the facilities, the interest rate to be charged by the Group pursuant to the 2024 Master Facilities Agreement (as supplemented and amended by the Supplemental Master Facilities Agreement) shall be at a rate equal to the cost of lending of the Group plus 1% to 5%, subject to not being more than 10%. When granting facilities to Shougang Group, the finance department of the Company will monitor the cash position of the Group and make sure that the Group will have sufficient working capital and liquidity for its daily operations after granting such facilities. Taking into account the fact that the Company had total assets and cash of HK\$1,868 million and HK\$283 million as at 31 December 2024 respectively and considering the expected financing demand from Shougang Group as illustrated above, the

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Company proposes the revised annual cap for Revised Credit Finance Facilities (i.e., the maximum outstanding balance in respect of the actual amount of 2024 Credit Finance Facilities utilised) in each of the financial years ended 31 December 2025, 2026 and 2027 to be RMB950 million.

On the other hand, to control credit risk to be borne by the Group in granting the facilities, the Group shall review the financial information and credit-rating of the borrowers from time to time on case-by case basis, and if the Group think appropriate, will request the borrowers to provide collaterals or securities to guarantee the payment obligation of the borrower. The Board consider that the above measures are sufficient to safeguard the Group from being exposed to excessive business risk and hence protect the interest of the Company's shareholders as a whole.

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 this circular) consider that:

- (i) the terms of the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and transactions contemplated thereunder, are normal commercial terms or better in the ordinary and usual course of business that are fair and reasonable;
- (ii) the Revised Facilities Annual Caps under the Supplemental Master Facilities Agreement for the years ending 31 December 2025 and 2026 and for the period from 1 January 2027 to the last date of the Effective Date of the 2024 Master Facilities Agreement are fair and reasonable; and
- (iii) the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder, 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.

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.

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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 Latest Practicable Date, 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 Latest Practicable Date.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Shougang, which through its wholly owned subsidiaries, held 2,425,736,972 shares of the Company, representing approximately 61.35% of the issued share capital of the Company as at the date of the Latest Practicable Date, is the controlling shareholder of the Company under the Listing Rules, and hence is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Master Services Agreement, Renewed Master Services Agreement and the Supplemental Master Facilities Agreement constitute continuing connected transactions for the Company under 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 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.

LETTER FROM THE BOARD

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.

On the other hand, the transactions contemplated under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) will be recognised as acquisition of assets. As such, the transactions contemplated under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) constitute notifiable transactions for the Company under Chapter 14 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 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) exceed 100%, the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) and the transactions contemplated thereunder constitute continuing connected transactions and very substantial acquisitions of the Company and are therefore subject to the requirements of reporting, announcement, circular, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules and the announcement, reporting and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

4. GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the terms of (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder, (ii) the Renewed Master Service Agreement, the proposed annual caps and the transactions contemplated thereunder, and (iii) the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and their respective transactions contemplated thereunder. Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder, (ii) the Renewed Master Service Agreement, the proposed annual caps and the transactions contemplated thereunder, and (iii) the Supplemental Master Facilities Agreement, including the Revised Facilities Annual Caps and their respective transactions contemplated thereunder in accordance with the Listing Rules.

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 (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii)

LETTER FROM THE BOARD

the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder and had voluntarily abstained from voting on the Board resolutions approving (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities 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) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder and was required to abstain from voting on the Board resolutions approving (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder.

A SGM will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, pass the resolutions to approve (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder.

5. SGM

A notice of the SGM is set out on pages SGM-1 to SGM-4 of this circular. In accordance with the requirements of the Listing Rules, all votes to be taken at the SGM will be by way of poll. Shougang Group and its associates, who were interested in a total of 2,425,736,972 Shares and controlled the voting rights of such Shares which represented approximately 61.35% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting at the SGM on the resolutions in relation to the (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder. Save as disclosed above, no other Shareholder will be required to abstain from voting on the resolutions in respect of (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder.

LETTER FROM THE BOARD

A form of proxy for the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the SGM or at any adjournment meeting should you so wish.

6. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee is set out on pages 51 to 52 of this circular which contains its recommendations to the Independent Shareholders in respect of the terms of (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser is set out on pages 53 to 109 of this circular, which contains, amongst other matters, its advices to the Independent Board Committee and the Independent Shareholders in relation to (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder.

The Directors (other than Ms. Fu Yao who is considered to be interested in (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder and the members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder are in the best interests of the Company and the Shareholders as a whole and the Board is not aware of there being any material disadvantages in entering into of the Supplemental Master Services Agreement, the Renewed Master Service Agreement and the Supplemental Master Facilities Agreement. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM.

Your attention is also drawn to the general information set out in the appendices to this circular.

For and on behalf of
Capital Industrial Financial Services Group Limited
Sun Yajie
Chairman



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)

3 September 2025

To the Independent Shareholders

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAPS IN RELATION TO
MASTER SERVICES AGREEMENT;
(2) RENEWAL OF MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
THE MASTER SERVICES AGREEMENT;
(3) REVISION OF ANNUAL CAPS OF VERY SUBSTANTIAL
ACQUISITION AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 MASTER FACILITIES AGREEMENT;
AND
NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circulars of the Company to the Shareholders dated 9 October 2024 and 12 June 2023 (the “**Circulars**”), in which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circulars.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether, in our opinion, the terms of (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Rainbow Capital, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of (i) the Supplemental Master Services Agreement,

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder is set out on pages 53 to 109 of the Circular and the letter from the Board is set out on pages 7 to 50 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms of (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to (i) the Supplemental Master Services Agreement, including the Revised Annual Caps and the transactions contemplated thereunder; (ii) the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and (iii) the Supplemental Facilities Agreement, including the Revised Facilities Annual Caps and the transactions contemplated thereunder to be proposed at the SGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Tam King Ching, Kenny, Ng Man Fung, Walter
and On Danita**

Independent non-executive Directors

Capital Industrial Financial Services Group Limited

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



3 September 2025

To the Independent Board Committee and the Independent Shareholders

Capital Industrial Financial Services Group Limited
Suite 803, 8/F.
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAPS IN RELATION TO
MASTER SERVICES AGREEMENT;
(2) RENEWAL OF MAJOR TRANSACTION AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
THE MASTER SERVICES AGREEMENT; AND
(3) REVISION OF ANNUAL CAPS OF VERY SUBSTANTIAL
ACQUISITION AND CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2024 MASTER FACILITIES AGREEMENT**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Supplemental Master Services Agreement, the Renewed Master Services Agreement and the Supplemental Master Facilities Agreement (collectively, the “**Agreements**”), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 3 September 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The revision of annual caps in relation to the 2023 Master Services Agreement

On 28 April 2023, the Company entered into the 2023 Master Services Agreement with Shougang in relation to the provision of the deposit services, information technology services, property leasing services, management and financial advisory services, financial technical services and other financial services by Shougang Group to the Group or by the Group to Shougang Group (as the case may be) during the term commencing from the date on which the 2023 Master Services Agreement becomes effective and ending on 31 December 2025. 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 million for the year ending 31 December 2025 will not be sufficient for the business needs for the year ending 31 December 2025.

In view of this, 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 million to RMB15 million for the period commencing on the date on which it becomes effective and ends on 31 December 2025.

As at the Latest Practicable Date, Shougang, through its wholly owned subsidiaries, held 2,425,736,972 shares of the Company, representing approximately 61.35% of the issued share capital of the Company as at the Latest Practicable Date. As such, Shougang is the controlling shareholder of the Company, and Shougang and its subsidiaries are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under 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 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 the highest applicable percentage ratio (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%, 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revised Annual Caps through the entering into of the Supplemental Master Services Agreement is subject to the requirements of reporting, announcement, circular and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

The renewal of the 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.

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 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.

The revision of annual caps in relation to the 2024 Master Facilities Agreement

On 29 August 2024, the Company entered into the 2024 Master Facilities Agreement with Shougang, pursuant to which the Company has conditionally agreed to provide or procure its subsidiaries to provide the 2024 Facilities to Shougang Group. The 2024 Facilities include the 2024 Credit Finance Facilities and the 2024 Finance Leasing Facilities with a principal amount of RMB600 million and RMB1,400 million, respectively. Nevertheless, the actual demand for the 2024 Credit Finance Facilities under the 2024 Master Facilities Agreement is expected to exceed the original expectations, which will result in a corresponding increase in the total amount of expected 2024 Credit Finance Facilities under such agreement. As such, the aggregate amount of the 2024 Credit Finance Facilities to Shougang Group under the 2024 Master Facilities Agreement is expected to be higher than the level envisaged at the time when the parties entered into the 2024 Master Facilities Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of this, on 25 July 2025, the Company and Shougang entered into the Supplemental Master Facilities Agreement, pursuant to which the Company and Shougang agreed to increase the principal amount of the 2024 Credit Finance Facilities from RMB600 million to RMB1,800 million. As such, the Board expects that the 2024 Master Facilities Annual Caps may not be sufficient. Therefore, the Board proposed to increase the aggregate annual caps of the transactions contemplated under the 2024 Master Facilities Agreement, i.e. the maximum outstanding balance in respect of the actual amount of the 2024 Facilities utilised (which includes the principal amount of the 2024 Facilities, relevant interest and handling fees), from RMB2,262 million to RMB2,543 million.

On the other hand, the transactions contemplated under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) will be recognised as acquisition of assets. As such, the transactions contemplated under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) constitute notifiable transactions for the Company under Chapter 14 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 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) exceeds 100%, the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) and the transactions contemplated thereunder constitute continuing connected transactions and very substantial acquisitions of the Company and are therefore subject to the requirements of reporting, announcement, circular, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules and the announcement, reporting and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In view of Shougang's interests in the Agreements, Shougang and its associates are required to abstain and shall abstain from voting on the relevant resolutions in relation to the Agreements to be proposed at the SGM. Saved as disclosed above, no other Shareholders have material interest in the Agreements and shall abstain from voting at the resolution(s) in relation to the approval of the Agreements at the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tam King Ching, Kenny, Mr. Ng Man Fung, Walter and Ms. On Danita has been formed to advise the Independent Shareholders on (i) whether the entering into the Agreements are conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the Agreements (including the relevant revised and proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and Shougang Group that could reasonably be regarded as relevant to our independence. We have been appointed as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to (i) a very

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

substantial acquisition and continuing connected transaction in respect of renewal of the master facilities agreement and a continuing connected transaction in respect of the technology license agreement, details of which are set out in the circular of the Company dated 9 October 2024; and (ii) a very substantial acquisition and continuing connected transaction in respect of the finance lease master agreement, details of which are set out in the circular of the Company dated 9 October 2024. Other than that, there was no other engagement between the Group or Shougang Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Agreements. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Agreements (including the relevant revised and proposed annual caps).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Shougang Group, or any of their respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Agreements (including the relevant revised and proposed annual caps), we have taken into account the principal factors and reasons set out below:

1. Background information of the Group

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of (i) sale and leaseback arrangement services; (ii) supply chain management and financial technology services; and (iii) property leasing services.

Set out below is a summary of the financial information of the Group for the three years ended 31 December 2024 (“FY2022”, “FY2023” and “FY2024”, respectively) as extracted from the annual reports of the Company for FY2023 and FY2024 (the “2024 Annual Report”):

(i) Financial performance

	FY2022 HK\$'000 (audited)	FY2023 HK\$'000 (audited)	FY2024 HK\$'000 (audited)
Continuing operations			
Total revenue	370,638	219,285	191,635
— Revenue under sale and leaseback arrangements	90,300	188,021	157,495
— Revenue from supply chain management and financial technology business	275,880	26,845	29,976
— Property leasing income	4,458	4,419	4,164
Gross profit	86,832	120,355	118,854
Other income	9,696	18,580	20,535
Other gains, net	36,310	3,323	2,920
Selling expenses	(3,317)	—	—
Administrative expenses	(53,480)	(61,235)	(55,593)
Changes in fair value of investment properties	(2,471)	(3,192)	(14,436)
Changes in fair value of financial assets at fair value through profit or loss	(1,530)	267	108
Net impairment losses on financial assets	(17,150)	(24,905)	(22,071)
Finance costs	(4,812)	(1,307)	(659)
Share of profit of an associate	523	2,055	4,712
Profit before income tax	49,656	53,941	54,370
Income tax expense	(16,178)	(11,507)	(16,722)
Profit attributable to the Shareholders	14,526	32,082	28,684

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2023 compared to FY2022

Revenue of the Group decreased by approximately 40.8% from approximately HK\$370.6 million for FY2022 to approximately HK\$219.3 million for FY2023, primarily attributable to the decrease in revenue from supply chain management and financial technology business by approximately HK\$249.0 million as a result of the Group's business transformation in accordance with market condition. The Group suspended the business covering full-process services including steel product trading and logistics under the supply chain management and financial technology business segment since August 2022. Such decrease was partially offset by the increase in revenue under sale and leaseback arrangements by approximately HK\$97.7 million mainly due to the Group's continuous expansion of the individual consumer leasing business.

Despite the decrease in revenue, the Group recorded an increase in gross profit by approximately 38.6% from approximately HK\$86.8 million for FY2022 to approximately HK\$120.4 million for FY2023, primarily attributable to (a) the successful business transformation and launched of a supply chain financial platform in late 2022 for the supply chain management and financial technology business which had higher gross profit margin; and (b) the continuous expansion of sale and leaseback arrangements services.

The Group's profit attributable to the Shareholders increased by approximately 120.9% from approximately HK\$14.5 million for FY2022 to approximately HK\$32.1 million for FY2023. Such increase was primarily attributable to (a) the increase in gross profit as aforementioned; (b) the increase in other income by approximately HK\$8.9 million, mainly due to the increase in credit financing arrangement interest income, management and financial advisory service income, and financial technical service income from a related party; (c) the decrease in selling expenses by approximately HK\$3.3 million; (d) the decrease in finance costs by approximately HK\$3.5 million as a result of the decrease in the balance of total borrowings in 2023; and (e) the decrease in income tax expense by approximately HK\$4.7 million.

FY2024 compared to FY2023

Revenue of the Group decreased by approximately 12.6% from approximately HK\$219.3 million for FY2023 to approximately HK\$191.6 million for FY2024, primarily attributable to the decrease in revenue under sale and leaseback arrangements by approximately HK\$30.5 million, mainly due to the Group's change in business direction and dedicated more resources from individual customers to corporate customers under such segment.

Despite the decrease in revenue as mentioned above, the Group's gross profit remained stable at approximately HK\$118.9 million for FY2024, as compared to that of approximately HK\$120.4 million for FY2023, primarily attributable to the increase in gross profit margin from approximately 54.9% for

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2023 to approximately 62.0% for FY2024. Such increase in gross profit margin was mainly due to the significant efforts taken by the Group on the cost control under sales and leaseback arrangements segment.

The Group's profit attributable to the Shareholders decreased by approximately 10.6% from approximately HK\$32.1 million for FY2023 to approximately HK\$28.7 million for FY2024, primarily attributable to (a) the increase in fair value losses of investment properties by approximately HK\$11.2 million; and (b) the increase in income tax expense by approximately HK\$5.2 million.

(ii) Financial position

	As at 31 December		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets, including:	633,581	515,130	624,742
Investment properties	133,202	116,096	99,758
Interests in an associate	83,951	84,851	86,337
Receivables under sale and leaseback arrangements	333,229	229,214	358,308
Current assets, including:	1,372,650	1,399,571	1,243,280
Receivables under sale and leaseback arrangements	756,885	889,811	566,938
Receivable under credit financing arrangement	168,453	165,386	377,580
Cash and cash equivalents	322,904	319,054	282,810
Total assets	2,006,231	1,914,701	1,868,022
Current liabilities, including:	223,360	129,465	115,229
Other payables and accruals	70,040	109,682	100,360
Non-current liabilities, including:	27,495	28,736	21,749
Loan from a related party	—	9,810	16,274
Deferred tax liabilities	20,619	13,454	3,577
Total liabilities	250,855	158,201	136,978
Equity attributable to the Shareholders	1,417,068	1,415,922	1,394,912

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As at 31 December 2024, total assets of the Group amounted to approximately HK\$1,868.0 million, mainly composed of (a) investment properties of approximately HK\$99.8 million, representing the Group's residential and commercial properties located in Hong Kong and the PRC; (b) receivables under sale and leaseback arrangements of approximately HK\$925.2 million; (c) receivable under credit financing arrangement of approximately HK\$377.6 million; and (d) cash and cash equivalents of approximately HK\$282.8 million. Due to the business nature of the Group in relation to the provision of sale and leaseback arrangement services, receivables under sale and leaseback arrangements are the key assets of the Group, representing approximately 49.5% of the Group's total assets as at 31 December 2024.

As at 31 December 2024, total liabilities of the Group amounted to approximately HK\$137.0 million, mainly composed of (a) other payables and accruals of approximately HK\$100.4 million; and (b) loan from a related party of approximately HK\$16.3 million.

As at 31 December 2024, the Group recorded equity attributable to the Shareholders of approximately HK\$1,394.9 million with gearing ratio (being loan from a related party divided by total equity) of approximately 1.2%.

(iii) Overall comment

The financial performance of the Group fluctuated for the years under review as impacted by the Group's strategic transformation on the supply chain management and financial technology business segment in August 2022. Since then, the Group has been continuously exploring and experimenting to build and upgrade its own supply chain financial technology service platform, enabling the Group to generate positive returns during the years under review.

As disclosed in the 2024 Annual Report, taking advantage of its industrial advantages and competitive edges, the Group will continue to focus on the provision of customised and comprehensive financial service solutions to the steel industry and upstream and downstream customers on the industry chain for different business scenarios including the individual consumer leasing market, and strive to meet its medium- and long-term strategic goal of continuous growth in performance.

2. Background information of Shougang Group

Shougang is a company established in the PRC. Shougang Group is 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 Latest Practicable Date, 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 Latest Practicable Date. According to the World Steel Association, Shougang Group ranked ninth among the world's top 50 steel producing companies in terms of steel production volume in 2023, with a production volume of approximately 33.6 million tonnes in 2023.

According to an offering circular of Shougang Group as published in July 2025 (the “**2025 Offering Circular**”), the total assets and net assets of Shougang Group as at 31 December 2024 amounted to approximately RMB518.6 billion and RMB173.0 billion, respectively. Shougang Group is a capital intensive company with total non-current assets of approximately RMB381.7 billion as at 31 December 2024, approximately 44.0% of which (i.e. approximately RMB167.8 billion) were the net book value of fixed assets. For FY2024, Shougang Group generated total revenue of approximately RMB226.0 billion and profit attributable to its shareholders of approximately RMB1.8 billion.

According to the 2024 credit rating report of Shougang Group (the “**2024 Credit Report**”) issued by China Chengxin International Credit Rating Company Limited* (中誠信國際信用評級有限責任公司) (“**CCXI**”), the first national non-banking financial institution approved by the People's Bank of China to engage in credit rating, financial securities consulting and information services, Shougang Group was assigned a corporate rating of “AAA” with a stable outlook. The stable outlook reflects the advantages of Shougang Group's operation scale, resources, product structure and manufacturing facilities, as well as the expectation that Shougang Group's operation will remain stable.

3. The Supplemental Master Services Agreement

(i) *Background and reasons*

On 28 April 2023, the Company entered into the 2023 Master Services Agreement with Shougang in relation to the provision of the deposit services, information technology services, property leasing services, management and financial advisory services, financial technical services and other financial services by Shougang Group to the Group or by the Group to Shougang Group (as the case may be) during the term commencing from the date on which the 2023 Master Services Agreement becomes effective and ending on 31 December 2025.

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As disclosed in the Letter from the Board, 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 million for the year ending 31 December 2025 will not be sufficient for the business needs for the year ending 31 December 2025. In view of this, 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 million to RMB15 million for the period commencing on the date on which it becomes effective and ends on 31 December 2025.

Having considered that (a) the existing annual cap for the Information Technology Services by Shougang Group to the Group under the 2023 Master Services Agreement is estimated to be insufficient based on the Group's recent cooperation with DeepSeek which would increase the Group's demand on the Information Technology Services; and (b) the proposed revised annual cap, if approved, would facilitate the Group's purchase of the Information Technology Services from Shougang Group to be conducted in an effective and efficient manner without worrying the existing annual cap being exceeded close to the year-end, we concur with the Directors that the entering into of the Supplemental Master Services Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) Principal terms

Details of the terms of the Supplemental Master Services Agreement are set out in the Letter from the Board, which are summarised as follows:

Date	: 25 July 2025 (after trading hours)
Parties	: (a) the Company; and (b) Shougang

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Subject matter : 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, among others, approval(s) by the Independent Shareholders having been obtained for the Revised Annual Caps contemplated under the Supplemental Master Services Agreement.

Pursuant to the 2023 Master Services Agreement, Shougang Group shall provide the Information Technology Services to the Group, which include but are not limited to cloud computing, cybersecurity services, information, office-software updates system integration and other related services in support of the administration, human resources management and general business management of the Group. 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 (1) scope of services; (2) remuneration of the relevant staff members of Shougang Group who will be involved in providing the Information Technology Services to the Group; (3) costs incurred by Shougang Group in providing the Information Technology Services to the Group; and (4) market rate of service fees for comparable services; (b) 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 (c) the service fees payable by the Group to Shougang Group shall not exceed the service fees offered by independent third party service providers for similar services. As stated in the sub-section headed "4. The Renewed Master Services Agreement — (ii) Principal terms — The Information Technology Services", based on our review on all of the information technology services agreements entered into by the Group during 2023 to 2024, we consider the information technology services agreements entered has followed the pricing policies as stated in the 2023 Master Services Agreement.

Taking into account that (a) the above pricing policy safeguards the pricing terms of the Information Technology Services to be no less favourable to the Group than those with the Independent Third Parties; (b) the cooperation between the Company and Shougang Group under the 2023 Master Services Agreement is on non-exclusive basis with no obligation on the Company's options to accept any terms and conditions (including pricing terms) for the Information Technology Services which are less favourable than those with the Independent Third Parties; and (c)

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except for the revised of the Existing Annual Caps for the year ending 31 December 2025, all other terms and conditions under the 2023 Master Services Agreement shall remain unchanged, we consider the terms of the Supplemental Master Services Agreement are on normal commercial terms which are fair and reasonable.

(iii) Assessment of the revised annual caps

Set out below are the historical annual caps and actual transaction amounts of the Information Technology Services under the 2023 Master Services Agreement:

	For the period from 28 April 2023 to 31 December 2023	FY2024	For the five months ended 31 May 2025 ("5M2025")
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actual transaction amount	5,403	5,992	1,148
Historical annual cap	6,000	6,000	6,000
Utilisation rate	90.1%	99.9%	19.1%

As shown in the table above, the actual transaction amounts of the Information Technology Services under the 2023 Master Services Agreement amounted to approximately RMB5.4 million, RMB6.0 million and RMB1.1 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively, representing approximately 90.1%, 99.9% and 19.1% of the annual caps in 2023, 2024 and 2025, respectively.

In view of the anticipated increase in the transaction amount in 2025 based on the Group's recent cooperation with DeepSeek, the Group proposes to revise the Existing Annual Caps from RMB6 million to RMB15 million for the period commencing from the date on which the Supplemental Master Services Agreement becomes effective to 31 December 2025.

In assessing the reasonableness of the Revised Annual Caps under the Supplemental Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the Revised Annual Caps, they have taken into account, among others, (a) the historical transaction amounts of the fee for the Information Technology Services for FY2023 and FY2024; and (b) the anticipated increase in the transaction amount for the 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.

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As stated in the 2024 Annual Report, the Group has completed the deep integration with DeepSeek recently and applies DeepSeek across business scenarios of the Company's self-developed supply chain financial platform, marking 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. Based on the management's estimation, the Group plans to further invest approximately RMB6 million in upgrading and integrating the Group's current systems such as its corporate credit certification system, customer services system and customer relationship system with AI technology in the second half of 2025. With such increased use of AI and information system and the Group's focus on the supply chain management and financial technology business, it is expected that the Group's demand on the Information Technology Services will increase in 2025.

Against this backdrop, we have obtained and reviewed the breakdown of the estimated demand on the Information Technology Services in 2025 among which the Company has prepared an estimation on demand of different projects under the Information Technology Services and the corresponding prices of each project which has been confirmed and agreed by Shougang Group. Based on our review, we noted that there are eight information technology services projects currently required by the Group, including but not limited to the cloud infrastructure, maintenance and new function development of the Company's self-developed supply chain financial platform, the technology development and integration of the management and control system, the cybersecurity risk assessment and rectification and the provision of third-party data and services. The annual price of each project was estimated with reference to the negotiations with Shougang Group, the existing contracts with Shougang Group, the services pricing standards of Shougang Group and the market quotes, which amounted to approximately RMB15 million in aggregate. Based on our review of all of the information technology services agreements (i.e. a total of 39 samples) entered into between the Group and Shougang Group or the Independent Third Parties during 2023 to 2024, we noted that the estimated annual price of each project was generally in line with the prices under the aforesaid historical information technology services agreements. As such, we are of the view that the respective projection is properly prepared and the estimation of the annual demand for the Information Technology Services is fair and reasonable.

Although the actual transaction amount of the Information Technology Services under the 2023 Master Services Agreement amounted to approximately RMB1.1 million for 5M2025, representing approximately 19.1% of the annual cap in 2025, we understood from the management of the Group that the current low utilisation rate was primarily attributable to the delay in certain information technology services projects. We have obtained and reviewed the Group's internal meeting records and project proposals 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. Based on our review, we noted that the Group has approved the aforesaid project proposals in the aggregated

amount of approximately RMB6.3 million. As confirmed by the management of the Group, the Group has commenced the procurement of the relevant information technology services and such projects were expected to be completed by the end of 2025.

Based on the above, we consider the Revised Annual Caps under the Supplemental Master Services Agreement to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

4. The Renewed Master Services Agreement

(i) Background and reasons

On 28 April 2023, the Company entered into the 2023 Master Services Agreement with Shougang in relation to the provision of the deposit services, information technology services, property leasing services, management and financial advisory services, financial technical services and other financial services by Shougang Group to the Group or by the Group to Shougang Group (as the case may be) during the term commencing from the date on which the 2023 Master Services Agreement becomes effective and ending on 31 December 2025.

As disclosed in the Letter from the Board, given the transaction history between the Group and 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 obtaining the Deposit Services from Shougang Group, the deposit interest rate 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 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.

In respect of obtaining the Information Technology Services from Shougang Group, it 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.

In respect of obtaining the Property Leasing Services from Shougang Group, the Group anticipates the continuing need to lease certain properties from Shougang Group in light of its business growth, therefore the lease of properties from Shougang Group for use as office spaces will facilitate the Group's administration and daily operation and satisfy the Group's business development needs.

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In respect of providing the Management and Financial Advisory Services to Shougang Group, since the Company has maintained a good working relationship with 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 Shougang Group suitable advice to cater to Shougang Group's specific needs.

In respect of providing the Financial Technical Services to Shougang Group, based on the Group's understanding of 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 Shougang Group would provide a stable stream of revenue to the Group.

In respect of providing the Other Financial Services to Shougang Group, 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. As Shougang is one of the largest steel production enterprises in the PRC, the Directors anticipate that 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.

In respect of obtaining the Other Financial Services from Shougang Group, by leveraging on the mutual understanding between the Group and 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 Shougang Group to such customers.

As the 2023 Master Services Agreement will expire on 31 December 2025, with a view to facilitate the continual provision of the deposit services, information technology services, property leasing services, management and financial advisory services, financial technical services and other financial services by Shougang Group to the Group or by the Group to Shougang Group (as the case may be), on 25 July 2025, the Company entered into the Renewed Master Services Agreement with Shougang to renew the term for a further term of 3 years commencing from 1 January 2026 to 31 December 2028 (both days inclusive).

Based on the above, we concur with the Directors that the entering into of the Renewed Master Services Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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(ii) Principal terms

Details of the terms of the Renewed Master Services Agreement are set out in the Letter from the Board, which are summarised as follows:

- Date** : 25 July 2025 (after trading hours)
- Parties** : (a) the Company; and
(b) Shougang
- Effective date and term** : The Renewed Master Services Agreement shall be effective conditional upon:
- (a) 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
 - (b) 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 Shougang Group or the Group** : Pursuant to the Renewed Master Services Agreement, 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:

(a) Deposit Services

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

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The deposit interest rate provided by 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 million during the Term.

(b) Information Technology Services

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.

(c) Property Leasing Services

The Group (as lessee) shall lease certain properties from 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 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 the Property Leasing Services will be not less than 12 months.

(d) Management and Financial Advisory Services

The Group shall provide the Management and Financial Advisory Services to 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.

(e) Financial Technical Services

The Group shall provide the Financial Technical Services to 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 Shougang Group from time to time. The Group shall also provide management and consultation services to Shougang Group in relation to financial information technology management as well as the said technical support services.

(f) *Other Financial Services*

The Group and/or Shougang Group (as the case may be) shall provide the Other Financial Services, which comprise of (1) corporate credit certification services and payment and settlement services which shall be provided by the Group to Shougang Group, (2) payment collection services and other related services and (3) ancillary online financial tools services, which shall be provided by 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 Shougang Group, with the relevant certification fees and payment and settlement expenses being borne by Shougang Group. On the other hand, upon the Group's request, 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 Shougang Group to such customers. Also, 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.

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The Group and the relevant subsidiary(ies) in 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, the Management and Financial Advisory Services, the Financial Technical Services and the Other Financial Services.

Pricing policy of the Deposit Services : The deposit interest rate provided by 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.

Pricing policy of the Information Technology Services : 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 (1) scope of services; (2) remuneration of the relevant staff members of Shougang Group who will be involved in providing the Information Technology Services to the Group; (3) costs incurred by Shougang Group in providing the Information Technology Services to the Group; and (4) market rate of service fees for comparable services;
- (b) the Group shall obtain quotations from at least two Independent Third Party service providers for similar services and compare the quotations offered by such Independent Third Party service providers; and

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

**Pricing policy of the
Property Leasing
Services**

: 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: (a) the gross floor area, condition, geographical location and types of the leased properties; (b) 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 (c) 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.

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- Pricing policy of the Management and Financial Advisory Services** : 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 (1) scope of services; (2) remuneration of the relevant staff members of the Group who will be involved in providing the Management and Financial Advisory Services to Shougang Group; (3) 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 Shougang Group plus a mark-up rate of not less than 3%; and (4) (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 Shougang Group and Shougang Group's development strategy; and
 - (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 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.

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Pricing policy of the Financial Technical Services : 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 (1) scope of services; (2) remuneration of the relevant staff members of the Group who will be involved in providing the Financial Technical Services to Shougang Group; (3) costs incurred by the Group in providing the Financial Technical Services to Shougang Group plus a mark-up rate of not less than 5%; and (4) 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 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.

Pricing policy of the Other Financial Services : 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 (1) scope of services; (2) remuneration of the relevant staff members who will be involved in providing the Other Financial Services; (3) costs incurred in providing the Other Financial Services; and (4) market rate of service fees for comparable services;

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- (b) in respect of the Other Financial Services to be provided by the Group to 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 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 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 Shougang Group shall, in any event, not exceed the service fees offered by Independent Third Party service providers for similar services.

In assessing the fairness and reasonableness of the key terms of the Renewed Master Services Agreement, we have considered the followings:

The Deposit Services

As part of our due diligence on the Deposit Services under the Renewed Master Services Agreement, we have obtained and reviewed (a) 30 samples of deposit records between the Group and Shougang Group; and (b) 43 samples of deposit records between the Group and independent commercial banks during June 2023 to December 2024, which represented all the deposit records between the Group and (a) Shougang Group or (b) independent commercial banks during this period. Based on our review, we noted that the annual deposit interest rate provided by Shougang Group to the Group ranged from 1.15% to 1.55% for agreement deposits and from 0.35% to 1.55% for current deposits while the annual deposit interest rate provided by independent commercial banks to the Group ranged from 0.1% to 0.20% for current deposits. As confirmed by the management of the Group, the Group's deposits in Shougang Group were mainly agreement deposits while the Group has not entered into any agreement deposit with independent commercial banks in the PRC. In this regard, we have performed independent research on the agreement deposit rates offered by four independent commercial banks in the PRC as published on their official websites and noted that their agreement deposit rates ranged from 0.20% to 0.35% in 2024, which were lower than those offered by Shougang Group. In addition, we have researched the latest RMB benchmark deposit rates

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prescribed by the PBOC. According to the “Notice of the PBOC on Lowering the RMB Benchmark Loan and Deposit Interest Rates for Financial Institutions and Further Promoting the Interest Rate Liberation Reform (Yin Fa [2015] No. 325))” (中國人民銀行關於下調金融機構人民幣貸款和存款基準利率並進一步推進利率市場化改革的通知(銀發[2015]325號)) prescribed by the PBOC on 24 October 2015, the latest annual RMB benchmark deposit rates are set out in the table below:

Current deposit	Agreement deposit	Notice deposit		Fixed deposit		
		1-day	7-day	Three-month	One-year	Three-year
0.35%	1.15%	0.80%	1.35%	1.10%	1.50%	2.75%

We noted that the deposit rates provided by Shougang Group were no less than the RMB benchmark deposit rates as set out in the table above. As such, the deposit interest rates provided by Shougang Group to the Group are not less favourable than the interest rate of the same type of deposits offered by major independent commercial banks in the PRC and the market benchmark deposit rate and the pricing policy of the Deposit Services has been adherence in accordance with the Group’s internal control procedures.

The Information Technology Services

As part of our due diligence on the Information Technology Services under the Renewed Master Services Agreement, we have obtained and reviewed (a) 18 samples of information technology services agreements entered into between the Group and Shougang Group; and (b) 21 samples of information technology services agreements entered into between the Group and the Independent Third Parties during 2023 to 2024, which represented all of the information technology services agreements entered into by the Group during 2023 to 2024. Based on our review, we noted that information technology services fees under the aforesaid agreements were determined with reference to the (a) scope of services; (b) remuneration of the relevant staff who will be involved in providing the relevant services; and (c) costs incurred in providing the relevant services. As such, we consider the pricing policy of the Information Technology Services has been adherence in accordance with the Group’s internal control procedures. In addition, as stipulated under the pricing policy of the Information Technology Services, the service fees for the Information Technology Services are no less favourable than the fees charged by the independent service providers for similar services.

The Property Leasing Services

As part of our due diligence on the Property Leasing Services under the Renewed Master Services Agreement, we have obtained and reviewed (a) 4 samples of property leasing agreements entered into between the Group and

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Shougang Group; and (b) 4 samples of property leasing agreements entered into between the Group and the Independent Third Parties during 2023 to 2024, which represented all of the property leasing agreements entered into by the Group during 2023 to 2024. Based on our review, we noted that (a) the unit rent and property management services fee for the office premises leased by the Group from Shougang Group were no higher than those for the office premises leased by the Group from the Independent Third Parties; and (b) the payment term granted by Shougang Group are no less favourable to the Group than the payment terms granted by the Independent Third Parties. As such, we consider the terms, including the pricing basis and payment method, for transactions contemplated under the Renewed Master Services Agreement are no less favourable to the Group than the terms for similar transactions between the Group and the Independent Third Parties and the pricing policy of the Property Leasing Services has been adherence in accordance with the Group's internal control procedures.

The Management and Financial Advisory Services

As part of our due diligence on the Management and Financial Advisory Services under the Renewed Master Services Agreement, we have obtained and reviewed all of the management and financial advisory services agreements (a total of 4 samples) entered into between the Group and Shougang Group during 2023 and 2024. As confirmed by the management of the Group, the Group has not provided similar management and financial advisory services to any Independent Third Party customer during 2023 and 2024. Based on our review, we noted that the management and financial advisory services fees payable by Shougang Group to the Group were determined with reference to, among others, (a) scope of services; (b) remuneration of the relevant staff members of the Group who will be involved in providing the Management and Financial Advisory Services to Shougang Group; and (c) a mark-up rate. As such, we consider the pricing policy of the Management and Financial Advisory Services has been adherence in accordance with the Group's internal control procedures. In addition, as stipulated under the pricing policy of the Management and Financial Advisory Services, the mark-up rates for the Management and Financial Advisory Services are no less favourable than the rate as stated in the 2023 Master Services Agreement.

The Financial Technical Services

As part of our due diligence on the Financial Technical Services under the Renewed Master Services Agreement, we have obtained and reviewed all of the financial technical services agreements (a total of 2 samples) entered into between the Group and Shougang Group during 2023 and 2024. As confirmed by the management of the Group, the Group has not provided similar financial technical services to any Independent Third Party customer during 2023 and 2024. Based on our review, we noted that the financial technical services fees payable by Shougang Group to the Group were determined with reference to,

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among others, (a) scope of services; (b) remuneration of the relevant staff members of the Group who will be involved in providing the Financial Technical Services to Shougang Group; and (c) a mark-up rate. As such, we consider the pricing policy of the Financial Technical Services has been adherence in accordance with the Group's internal control procedures. In addition, as stipulated under the pricing policy of the Financial Technical Services, the mark-up rates for the Financial Technical Services are no less favourable than the rate as stated in the 2023 Master Services Agreement.

The Other Financial Services

The Group mainly provides corporate credit certification services, payment and settlement services and ancillary online tools services to Shougang Group as the Other Financial Services from 2023 to 2024. Against this backdrop, we have obtained and reviewed the Group's internal ledgers on corporate credit certification services, payment and settlement services and ancillary online tools services provided by the Group to Shougang Group and the Independent Third Party customers during 2023 and 2024. Since the aforesaid internal ledgers recorded all of the corporate credit certification services transactions, payment and settlement services transactions and ancillary online tools services transactions provided by the Group to Shougang Group and the Independent Third Party customers during 2023 and 2024, we consider the samples we reviewed are sufficient for our review of the pricing policies. Based on our review, we noted that the other financial services fees charged by the Group to Shougang Group were equal to or no more favourable to Shougang Group than those charged by the Group to the Independent Third Parties.

On the other hand, Shougang Group mainly provides payment collection services and other related services to the Group as the Other Financial Services from 2023 to 2024. Against this backdrop, we have obtained and reviewed all of the payment collection services agreements (a total of 6 samples) entered into between the Group and Shougang Group or the Independent Third Parties during 2023 and 2024. Based on our review, we noted that the term of the payment collection services agreements between the Group and Shougang Group were equal to or no less favourable to the Group than the terms of the payment collection services agreements between the Group and the Independent Third Parties.

As such, we consider the pricing policy of the Other Financial Services has been adherence in accordance with the Group's internal control procedures.

As illustrated in the above, the above pricing policy safeguards the service fees payable by the Group to Shougang Group or the service fees payable by Shougang Group to the Group (as the case be) shall be no less favourable to the Group than those with the Independent Third Parties for the same type of services. In addition, as stipulated under the Renewed Master Services Agreement, the cooperation between the Company and Shougang Group under the Renewed Master Services Agreement is on non-exclusive basis with no obligation on the Company's options to accept any terms and conditions (including pricing terms) which are less favourable than those with the

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Independent Third Parties. The Group has adopted internal control measures to ensure the pricing terms of individual transactions under the Renewed Master Services Agreement will be made in accordance with the respective pricing policy, please refer to the sub-section headed “(iv) Internal control measures of the Group” below for our analyses of further safeguards imposed by the Group. As such, we consider that the terms of the Renewed Master Services Agreement are on normal commercial terms which are fair and reasonable.

(iii) Assessment of the proposed annual caps

The Deposit Services

Set out below are the historical annual caps and actual transaction amounts of the daily maximum balance of deposits placed by the Group under the 2023 Master Services Agreement:

	For the period from 28 April 2023 to 31 December 2023	FY2024	5M2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actual transaction amount	256,000	295,628	274,734
Historical annual cap	306,000	306,000	306,000
Utilisation rate	83.7%	96.6%	89.8%

As shown in the table above, the actual transaction amounts of the daily maximum balance of deposits placed by the Group under the 2023 Master Services Agreement amounted to approximately RMB256.0 million, RMB295.6 million and RMB274.7 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively, representing approximately 83.7%, 96.6% and 89.8% of the annual caps in 2023, 2024 and 2025, respectively.

The Company proposes to set the Daily Deposit Caps during the Term under the Renewed Master Services Agreement as follows:

	For the year ending 31 December 2026	2027	2028
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed Daily Deposit Caps	335,000	335,000	335,000

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In assessing the reasonableness of the Daily Deposit Caps under the Renewed Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed Daily Deposit Caps, they have taken into account, among others, (a) the historical transaction amounts in respect of the Deposit Services provided by Shougang Group to the Group; (b) the existing level of cash and cash equivalents held by the Group; (c) the cash position of the Group and the expected growth of the business operation of the Group; (d) the financial needs of the Group during the Term; (e) the expected daily deposit balances of the Group; and (f) basis of determining the deposit interest rate as mentioned above.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As discussed above, the historical annual caps of the Deposit Services under the 2023 Master Services Agreement had been utilised as to approximately 83.7%, 96.6% and 89.8% for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively. This indicates that the historical deposit caps for the Deposit Services under the 2023 Master Services Agreement were substantially utilised by the Group. With reference to the 2024 Annual Report, as at 31 December 2024, the Group had cash and cash equivalents of approximately HK\$282.8 million, receivables under sale and leaseback arrangements of approximately HK\$925.2 million and receivable under credit financing arrangement of approximately HK\$377.6 million. Based on the Group's management account, the Group's cash and cash equivalents amounted to approximately RMB387.4 million as at 31 May 2025. We have also reviewed the historical monthly cash level (including cash and cash equivalents and restricted cash balances) of the Group for FY2024 and noted that the Group's average monthly cash level amounted to approximately RMB338.8 million. Since the deposit interest rate offered by Shougang Group shall be not lower than those offered by major domestic commercial banks in the PRC and the collaboration between the Group and Shougang Group may reduce finance costs, increase interest income of deposits, lower settlement costs and control risks for the Group, the Group intended to continue to deposit their funds in Shougang Group for the coming three years at the similar level as its average monthly cash level for FY2024.

Taking into account (a) that the utilisation rates of the historical annual caps of the Deposit Services under the 2023 Master Services Agreement were over 80% from 2023 to 2025; (b) the Group's cash position as at 31 December 2024 and 31 May 2025 and the flexibility for the Group to deposit collections of receivables under sale and leaseback arrangements and credit financing arrangement from time to time; (c) the Group's average monthly cash level for FY2024; (d) the background and credibility of Shougang Group, which is a sizeable state-owned enterprise; (e) that the Daily Deposit Caps provide the flexibility but not the obligation for the Group to utilise the Deposit Services on terms that are no less favourable as compared with those offered by independent

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third parties; and (f) that the risk relating to conducting the Deposit Services with Shougang Group would be controlled by the internal control measures stipulated under the sub-section headed “(iv) Internal control measures of the Group” below, we consider the Daily Deposit Caps under the Renewed Master Services Agreement to be fair and reasonable.

The Information Technology Services

Set out below are the historical annual caps and actual transaction amounts of the Information Technology Services fees paid by the Group to Shougang Group under the 2023 Master Services Agreement:

	For the period from 28 April 2023 to 31 December 2023	FY2024	5M2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actual transaction amount	5,403	5,992	1,148
Historical annual cap	6,000	6,000	6,000
Utilisation rate	90.1%	99.9%	19.1%

As shown in the table above, the actual transaction amounts of the Information Technology Services fees paid by the Group to Shougang Group under the 2023 Master Services Agreement amounted to approximately RMB5.4 million, RMB6.0 million and RMB1.1 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively, representing approximately 90.1%, 99.9% and 19.1% of the annual caps in 2023, 2024 and 2025, respectively. As advised by the management of the Group, such low utilisation rate for 2025 was primarily attributable to the delay in certain information technology services projects.

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

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

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In assessing the reasonableness of the Information Technology Services Fee Caps under the Renewed Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed Information Technology Services Fee Caps, they have taken into account, among others, (a) the historical transaction amounts in respect of the Information Technology Services provided by Shougang Group to the Group; (b) the pricing basis of services fees as mentioned above; (c) the expected scope and service specifications of the Information Technology Services; and (d) 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.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As discussed in the sub-section headed "3. The Supplemental Master Services Agreement — (iii) Assessment of the revised annual caps" above, the Group has completed the deep integration with DeepSeek recently and applies DeepSeek across business scenarios of the Company's self-developed supply chain financial platform, marking the Group's new stage in the implementation of financial technology and digital finance. Through 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 and information system and the Group's focus on the supply chain management and financial technology business, it is expected that the Group's demand on the Information Technology Services will increase since 2025. For instance, based on the management's estimation, the Group plans to further invest approximately RMB12 million in upgrading and integrating the Group's current systems, deploy new functions, develop new system, increase the scope of cybersecurity risk assessment, and expand the capacity of its system and financial platform in 2026.

Against this backdrop, we have obtained and reviewed the breakdown of the estimated demand on the Information Technology Services for the coming three years among which the Company has prepared an estimation on demand of different projects under the Information Technology Services and the corresponding prices of each project which has been confirmed and agreed by Shougang Group. Based on our review, we noted that there are eight information technology services projects annually required by the Group, including but not limited to the cloud infrastructure, system expansion, maintenance and new function development of the Company's self-developed supply chain financial platform, the technology development and integration of the management and control system, the cybersecurity risk assessment and rectification and the provision of third-party data and services. The annual price of each project was estimated with reference to the negotiations with Shougang Group, the existing contracts with Shougang Group, the services pricing

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standards of Shougang Group and the market quotes, which amounted to approximately RMB20 million in aggregate. As advised by the management of the Group, with the development and expansion of the Group's business, the Group may need to deploy new functions, develop new system, increase the scope of cybersecurity risk assessment, and expand the capacity of its system and financial platform. As such, the aggregated annual price of these projects will be higher than that in 2025. Based on our review of all of the information technology services agreements (i.e. a total of 39 samples) entered into between the Group and Shougang Group or the Independent Third Parties during 2023 to 2024, we noted that the estimated annual price of each project was generally in line with the prices under the aforesaid historical information technology services agreements. As such, we are of the view that the respective projection is properly prepared and the estimation of the annual demand for the Information Technology Services is fair and reasonable.

Based on the above, we consider the Information Technology Services Fee Caps under the Renewed Master Services Agreement to be fair and reasonable.

The Property Leasing Services

Set out below are the historical annual caps and actual transaction amounts of the lease payments made by the Group to Shougang Group under the 2023 Master Services Agreement:

	For the period from 28 April 2023 to 31 December 2023		
	2023	FY2024	5M2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actual transaction amount	840	1,435	817
Historical annual cap	4,526	7,526	7,526
Utilisation rate	18.6%	19.1%	10.9%

As shown in the table above, the actual transaction amounts of the lease payments made by the Group to Shougang Group under the 2023 Master Services Agreement amounted to approximately RMB0.8 million, RMB1.4 million and RMB0.8 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively, representing approximately 18.6%, 19.1% and 10.9% of the annual caps in 2023, 2024 and 2025, respectively. As advised by the management of the Group, such low utilisation rates for 2023, 2024 and 2025 were primarily attributable to the fact that (a) the Group did not continue to rent its Hong Kong office from Shougang Group since 2023; and (b) the Group's expansion plan in terms of number of employees and office area did not reach its original expectation.

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Pursuant to HKFRS 16, the leases to be entered into by the Group as lessee under the Renewed 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 Company proposes to set the Lease Caps in respect of the fees payable on the Property Leasing Services during the Term under the Renewed Master Services Agreement as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed Lease Caps	5,000	5,000	5,000

In assessing the reasonableness of the Lease Caps under the Renewed Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed Lease Caps, they have taken into account, among others, (a) the historical transaction amounts in respect of lease payments paid by the Group to Shougang Group; (b) the pricing basis of the rental amount as mentioned above; and (c) 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.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. We have obtained and reviewed the breakdown of the estimated demand on the Property Leasing Services for the coming three years among which the Company has prepared a projection on leasing arrangement for lease of office premises which has been confirmed and agreed by Shougang Group. Based on our review, we noted that the Group is currently leasing one office premise from Shougang Group and intends to lease two new office premises to accommodate for the future expansion of the Company's workforce and to satisfy the Group's business development needs. As advised by the management of the Group, the number of the Group's full-time employees has increased from 50 as at 31 December 2022 to 63 as at 31 December 2024. In view of the Group's continued efforts to develop its provision of customised and comprehensive financial service solutions to the steel industry and upstream and downstream customers on the industry chain, and strive to meet its medium- and long-term strategic goal of continuous growth in performance, the number of the Group's full-time employees is

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expected to further increase to 80 by the end of 2026. As such, the Group's existing principal office premises are over occupied and it is in urgent need to lease new offices for its business operations. In addition, based on our review of the historical property leasing agreements entered into between the Group and the Independent Third Parties during 2023 to 2024, we noted that an office premise leased by the Group from an Independent Third Party will expire in 2026 and we understood from the management of the Group that the Group intends to lease new office premise from Shougang Group upon such expiry.

Based on our review of all of the historical property leasing agreements entered into between the Group and Shougang Group or the Independent Third Parties during 2023 to 2024, we noted that the respective unit rent, property management services fee and costs on electricity and water of each office lease in the Group's projection breakdown were estimated with reference to (a) the historical rents, property management services fees and utilities costs paid by the Group in 2024; and (b) a buffer of 5% to cater for potential upward adjustments on the unit rents, property management services fee and utilities fees. According to the National Bureau of Statistics of the PRC, the Chinese household disposable income per capita has increased from approximately RMB32,189 in 2020 to approximately RMB41,314 in 2024, representing a compound annual growth rate of approximately 6.4% during the period. As such, we are of the view that the respective projection is properly prepared and the estimation of the leasing arrangement for lease of office premises by the Group is fair and reasonable.

Based on the above, we consider the Lease Caps under the Renewed Master Services Agreement to be fair and reasonable.

The Management and Financial Advisory Services

Set out below are the historical annual caps and actual transaction amounts of the Management and Financial Advisory Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement:

	For the period from 28 April 2023 to 31 December 2023	FY2024	5M2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actual transaction amount	4,044	6,608	2,781
Historical annual cap	7,000	7,000	7,000
Utilisation rate	57.8%	94.4%	39.7%

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As shown in the table above, the actual transaction amounts of the Management and Financial Advisory Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement amounted to approximately RMB4.0 million, RMB6.6 million and RMB2.8 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively, representing approximately 57.8%, 94.4% and 39.7% of the annual caps in 2023, 2024 and 2025, respectively.

The Company proposes to set the Management and Financial Advisory Service Fee Caps during the Term under the Renewed Master Services Agreement as follows:

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

In assessing the reasonableness of the Management and Financial Advisory Service Fee Caps under the Renewed Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed Management and Financial Advisory Service Fee Caps, they have taken into account, among others, (a) the historical transaction amounts in relation to the Management and Financial Advisory Service Fee for FY2023 and FY2024; (b) the respective pricing basis of service fees as mentioned above; (c) the expected scope and service specifications of the Management and Financial Advisory Services; and (d) Shougang Group's expected demand for the Management and Financial Advisory Services with reference to the existing scale of Shougang Group's operations and its anticipated growth.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As discussed above, the actual transaction amounts of the Management and Financial Advisory Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement amounted to approximately RMB4.0 million, RMB6.6 million and RMB2.8 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025. By annualising the actual transaction amounts for the period from 28 April 2023 and 5M2025, the full-year transaction amounts of the Group's provision of the Management and Financial Advisory Services to Shougang Group is expected to be approximately RMB5.4 million and RMB6.7 million in 2023 and 2025, respectively. In other words, the actual transaction amounts of the Management and Financial Advisory Services fees paid by Shougang Group

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to the Group has increased at a compound annual growth rate of approximately 11.3% from approximately RMB5.4 million in 2023 to approximately RMB6.7 million in 2025. In light of the existing scale of Shougang Group's operations and its anticipated sustainable growth, Shougang Group's demand for the Group's Management and Financial Advisory Services is expected to continue to increase. As such, in determining the Management and Financial Advisory Service Fee Caps, the Group has adopted a buffer of 10% on top of the existing annual cap of the Management and Financial Advisory Services (i.e. RMB7.0 million), which is expected to be approximately RMB8.0 million per annum.

In addition, according to the National Bureau of Statistics of the PRC, the Chinese household disposable income per capita has increased from approximately RMB32,189 in 2020 to approximately RMB41,314 in 2024, representing a compound annual growth rate of approximately 6.4% during the period. Taking into account that the potential upward adjustments on the service fees for the Group's Management and Financial Advisory Services attributable to inflation and the increase in labour costs, we consider the Management and Financial Advisory Service Fee Caps under the Renewed Master Services Agreement to be fair and reasonable.

The Financial Technical Services

Set out below are the historical annual caps and actual transaction amounts of the Financial Technical Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement:

	For the period from 28 April 2023 to 31 December 2023	FY2024	5M2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actual transaction amount	5,165	6,995	2,944
Historical annual cap	15,000	15,000	15,000
Utilisation rate	34.4%	46.6%	19.6%

As shown in the table above, the actual transaction amounts of the Financial Technical Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement amounted to approximately RMB5.2 million, RMB7.0 million and RMB2.9 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively, representing approximately 34.4%, 46.6% and 19.6% of the annual caps in 2023, 2024 and 2025, respectively. As advised by the management of the Group, such low utilisation rates for 2023, 2024 and 2025 were primarily attributable to that (a) Shougang Group's demand on system upgrade was lower than expected; and (b)

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the current utilisation rate for 5M2025 does not reflect the actual demand of Shougang Group for the Financial Technical Services in 2025 as the majority of the transaction amount of the Financial Technical Services fees is generally recognised at the end of the financial year.

The Company proposes to set the Financial Technical Service Fee Caps during the Term under the Renewed Master Services Agreement as follows:

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

In assessing the reasonableness of the Financial Technical Service Fee Caps under the Renewed Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed Financial Technical Service Fee Caps, they have taken into account, among others, (a) the historical transaction amounts in relation to the Financial Technical Service Fee; (b) the respective pricing basis of service fees as mentioned above; (c) the expected scope and service specifications of the Financial Technical Services; and (d) Shougang Group's expected demand for the Financial Technical Services with reference to the existing scale of Shougang Group's operations and its anticipated growth.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As stated in the 2024 Annual Report, in respect of supply chain management and financial technology segment, the Group has been making enormous efforts to upgrade its supply chain financial platform, committed to provide customers with more comprehensive and diversified products and services. In particular, the Group has optimised and improved the risk structure design of management and control authority, and continued to upgrade the information system that integrates transaction data analysis, credit rating, quota management and statistical analysis. By leveraging DeepSeek's advanced language processing and knowledge inference capabilities, it enables the Group's supply chain financial platform to rapidly analyse contracts, transaction documents and all kinds of transaction data and mine the correlations from large volumes of data. In view of the Group's upgraded information system and enhanced data analysis capability, it is expected that Shougang Group's demand on the Financial Technical Services will increase, especially in relation to the data analysis on Shougang Group's factoring services to understand the financing needs at different points in the entire industry process.

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Against this backdrop, we have obtained and reviewed the breakdown of the estimated demand on the Financial Technical Services for the coming three years which has been confirmed and agreed by Shougang Group. Based on our review, we noted the projection breakdown was prepared by the Group based on Shougang Group's demand and budgets on the Financial Technical Services, the scope of different projects under the Financial Technical Services, the remuneration of the relevant staff members of the Group who will be involved in providing the Financial Technical Services to Shougang Group and costs incurred by the Group in providing the Financial Technical Services to Shougang Group. As such, we are of the view that the respective projection is properly prepared and the estimation of the annual demand for the Financial Technical Services is fair and reasonable.

Based on the above, we consider the Financial Technical Service Fee Caps under the Renewed Master Services Agreement to be fair and reasonable.

The Other Financial Services (to be provided by the Group to Shougang Group)

Set out below are the historical annual caps and actual transaction amounts of the Other Financial Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement:

	For the period from 28 April 2023 to 31 December 2023	FY2024	5M2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actual transaction amount	8,244	10,023	4,257
Historical annual cap	14,000	14,000	16,000
Utilisation rate	58.9%	71.6%	26.6%

As shown in the table above, the actual transaction amounts of the Other Financial Services fees paid by Shougang Group to the Group under the 2023 Master Services Agreement amounted to approximately RMB8.2 million, RMB10.0 million and RMB4.3 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively, representing approximately 58.9%, 71.6% and 26.6% of the annual caps in 2023, 2024 and 2025, respectively. As advised by the management of the Group, such low utilisation rate for 5M2025 was primarily attributable to that Shougang Group's demand on corporate credit certification services and payment and settlement services was lower than expected.

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The Company proposes to set the annual caps on the services fees in respect of the Other Financial Services to be provided by the Group to Shougang Group during the Term under the Renewed Master Services Agreement as follows:

	For the year ending 31 December		
	2026	2027	2028
	RMB'000	RMB'000	RMB'000
Proposed annual caps on the services fees in respect of the Other Financial Services to be provided by the Group to Shougang Group	18,600	21,000	23,600

In assessing the reasonableness of the proposed annual caps on the Other Financial Services fees payable by Shougang Group to the Group under the Renewed Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps, they have taken into account, among others, (a) the historical transaction amounts in relation to the Other Financial Services Fee; (b) the expected scope and service specifications of the Other Financial Services; (c) the expected demand for the Other Financial Services by Shougang Group with reference to the existing scale of operations and anticipated growth of Shougang Group; and (d) the prevailing market rate with reference to the management's experience.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As advised by the management of the Group, the Group mainly provides corporate credit certification services, payment and settlement services and ancillary online tools services through its supply chain financial platform (the “**Shougang SCF Platform**”) to Shougang Group as the Other Financial Services. As such, the estimated total Other Financial Services fees payable by Shougang Group to the Group are derived as the service fee rates to be charged by the Group on the Shougang SCF Platform and multiplied by the financing amount to be facilitated by Shougang Group and its business partners along the supply chain through the Shougang SCF Platform with relevant service fees agreed to be borne by Shougang Group, which are agreed and confirmed by Shougang Group.

The Shougang SCF Platform is an online financing platform based on real business contracts and creditor-debt relationships in the entire industrial chain, introducing high-quality financial resources to finance or provide services to multiple entities in Shougang Group's supply chain. Through such online financing platform, suppliers could use the credit certificates issued by the Group to obtain financing from external financing channels such as commercial

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banks which could largely reduce their financing costs. As disclosed in the 2024 Annual Report, such business model enables a win-win situation for various participating entities, which include steel enterprises, banks and logistics companies, through the design and management of financial products. Shougang credit certificate is an electronic certificate created by the Group under the Shougang SCF Platform that utilises blockchain technology to create immutable and traceable digital representation of suppliers' account receivable due from anchor enterprises that suppliers can use for payment and financing purposes, and to serve the upstream and downstream of the steel industry chain.

As advised by the management of the Group, although the corporate credit certification services, payment and settlement services and ancillary online tools services may be provided by the Group to business partners of Shougang Group, who are the Independent Third Parties to the Group, such relevant service fees may be borne by Shougang Group based on the negotiations between Shougang Group and its business partners in each transaction. As such, for the corporate credit certification services, payment and settlement services and ancillary online tools services provided by the Group to Shougang Group and its business partners along the supply chain through the Shougang SCF Platform, the majority of the relevant service fees are borne by Shougang Group while the remaining are settled by the Independent Third Parties. In this regard, the total amount of financing to be facilitated through the Shougang SCF Platform with relevant service fees agreed to be borne by Shougang Group is estimated to range from approximately RMB9.3 billion to RMB11.8 billion in the coming three years. Such estimated total amount of financing was determined with reference to the historical aggregate amount of approximately RMB11.1 billion of financing enabled by using Shougang credit certificates via the Shougang SCF Platform for FY2024, which we consider to be fair and reasonable.

In respect of the service fee rates to be charged by the Group on the Shougang SCF Platform, the Group has adopted a constant service fee rate in the coming three years. As discussed in the sub-section headed "(ii) Principal terms" above, we have obtained and reviewed the Group's internal ledgers on corporate credit certification services, payment and settlement services and ancillary online tools services provided by the Group to Shougang Group and the Independent Third Party customers during 2023 and 2024. Based on our review, we noted that the constant service fee rate adopted by the Group in the projection breakdown is in line with the historical service fee rates charged by the Group to Shougang Group and the Independent Third Party customers during 2023 and 2024.

Based on the above, we consider the proposed annual caps on the Other Financial Services fees payable by Shougang Group to the Group under the Renewed Master Services Agreement to be fair and reasonable.

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The Other Financial Services (to be provided by Shougang Group to the Group)

Set out below are the historical annual caps and actual transaction amounts of the services fees in respect of the Other Financial Services fees paid by the Group to Shougang Group under the 2023 Master Services Agreement:

	For the period from 28 April 2023 to 31 December 2023	FY2024	5M2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Actual transaction amount	10,410	10,221	5,103
Historical annual cap	21,000	25,000	30,000
Utilisation rate	49.6%	40.9%	17.0%

As shown in the table above, the actual transaction amounts of the services fees in respect of the Other Financial Services fees paid by the Group to Shougang Group under the 2023 Master Services Agreement amounted to approximately RMB10.4 million, RMB10.2 million and RMB5.1 million for the period from 28 April 2023 to 31 December 2023, FY2024 and 5M2025, respectively, representing approximately 49.6%, 40.9% and 17.0% of the annual caps in 2023, 2024 and 2025, respectively.

The Company proposes to set the annual caps on the services fees in respect of the Other Financial Services to be provided by Shougang Group to the Group during the Term under the Renewed Master Services Agreement as follows:

	For the year ending 31 December		
	2026	2027	2028
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed annual caps on the services fees in respect of the Other Financial Services to be provided by Shougang Group to the Group	30,000	30,000	30,000

In assessing the reasonableness of the proposed annual caps on the services fees in respect of the Other Financial Services to be provided by Shougang Group to the Group under the Renewed Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps, they have taken into account, among

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others, (a) the historical transaction amounts in relation to the Other Financial Services Fee; (b) the pricing basis of service fees as mentioned above; (c) the expected scope and service specifications of the Other Financial Services; (d) 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 (e) the prevailing market rate with reference to the management's experience.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As advised by the management of the Group, Shougang Group mainly provides payment collection services and other related services to the Group as the Other Financial Services. As discussed above, the Shougang SCF Platform is an online financing platform based on real business contracts and creditor-debt relationships in the entire industrial chain, introducing high-quality financial resources to finance or provide services to multiple entities in Shougang Group's supply chain. Through such online financing platform, Shougang Group's business partners could use the credit certificates issued by the Group to obtain financing from external financing channels such as commercial banks which could largely reduce their financing costs. Since the main users of the Shougang SCF Platform are Shougang Group's business partners along the supply chain, Shougang Group will provide payment collection services on the trade receivables owed from customers who have retained the Group's services as ancillary services (i.e. the service fees for using the Shougang SCF Platform) which are included in the service package provided by Shougang Group to such customers. In other words, for the Independent Third Parties who agree to pay the services fees for using the Shougang SCF Platform, such payments are collected by Shougang Group on behalf of the Group. As such, the proposed annual caps on the services fees in respect of the Other Financial Services to be provided by Shougang Group to the Group are derived as the service fee rates to be charged on the Shougang SCF Platform and multiplied by the financing amount to be facilitated by Shougang Group and its business partners along the supply chain through the Shougang SCF Platform, which are agreed and confirmed by Shougang Group.

Based on our review on the Group's annual reports for FY2023 and FY2024, we noted that during the one-year operation period in 2023, Shougang credit certificate started from scratch and continue to optimise its iterative computing, with rapid growth in business scale and number of customers. The number of registered suppliers and financial institutions in the Shougang SCF Platform increased from 2,378 and 2 in 2023, respectively to 3,788 and 5 in 2024, respectively. The aggregate amount of financing enabled by using Shougang credit certificate increased from approximately RMB10.1 billion for FY2023 to approximately RMB11.1 billion for FY2024. In view of (a) the historical aggregate financing amount enabled by using Shougang credit certificates; (b) the expansion in the business scale of the Shougang SCF Platform in terms of number of registered suppliers and financial institutions

and aggregate facilitated financing amount over the past two years; (c) the Group's commitment to provide more comprehensive and diversified products and services on the Shougang SCF Platform. For instance, the deep integration and application of DeepSeek further enhances the efficiency and precision of Shougang SCF Platform and provide its users with better experience via AI solutions; and (d) with reference to the 2025 Offering Circular, Shougang Group's accounts payable amounted to approximately RMB50.6 billion as at 31 December 2024, the total amount of financing to be facilitated through the Shougang SCF Platform is estimated to be approximately RMB14.9 billion in the coming three years, which we consider to be fair and reasonable.

In respect of the service fee rates to be charged on the Shougang SCF Platform, the Group has adopted a constant service fee rate in the coming three years. We have obtained and reviewed the Group's internal ledgers of the Shougang SCF Platform during 2023 and 2024 and noted that the constant service fee rate adopted by the Group in the projection breakdown is in line with the historical service fee rates charged on the Shougang SCF Platform during 2023 and 2024.

Based on the above, we consider the proposed annual caps on the Other Financial Services fees payable by the Group to Shougang Group under the Renewed Master Services Agreement to be fair and reasonable.

(iv) Internal control measures of the Group

In order to safeguard the interests of the Company and the Shareholders as a whole, the Group has adopted certain internal control measures to regulate the respective individual transactions to be conducted within the framework of the Renewed Master Services Agreement. Please refer to the sub-section headed "Internal Control" in the Letter from the Board for details.

In assessing whether the internal control measures are put in place and effectively implemented, we have reviewed the relevant documentation regarding the approval of the separate agreement entered into between the Group and Shougang Group under the 2023 Master Services Agreement and noted that the transactions contemplated thereunder were properly authorised and monitored. We have also obtained and reviewed the Group's internal records and noted that the limitations and the actual transaction amounts of the Deposit Services, Information Technology Services, Property Leasing Services, Management and Financial Advisory Services, Financial Technical Services and Other Financial Services under the 2023 Master Services Agreement were properly checked and monitored by the Group on a regular basis. In addition, as discussed in the sub-section headed "(ii) Principal terms" above, based on our review of the sample contracts between the Group and Shougang Group as well as the sample contracts between the Group and the Independent Third Parties for similar transactions during 2023 and 2024, we noted

that the terms for transactions contemplated under the 2023 Master Services Agreement are equal to or no more favourable to Shougang Group than the terms for similar transactions between the Group and the Independent Third Parties.

In respect of the Deposit Services, the finance department of the Company will monitor the amount of funds deposited into the designated account of Shougang Group on a daily basis to ensure that the proposed Daily Deposit Caps will not be exceeded. In this regard, we have obtained and reviewed the summary table prepared by the finance department of the Company, and noted that the daily maximum balance of deposits placed by the Group had been monitored such that the annual caps were not exceeded. Further, we have obtained and reviewed the financial reports and compliance risk reports of a Shougang Group's subsidiary (the "**Finance Company**") in which the Group's deposits were placed. Based on our review, we noted that the Company had regularly assessed the operations, management, financials and compliance status of the Finance Company so as to manage the risks relating to conducting the Deposit Services with the Finance Company. The Finance Company is under normal operation in strict compliance with major regulatory indicators, and the financial position of the Finance Company is also healthy as to its asset quality, with sufficient fund and provisions. Accordingly, we agree that the capital risk control measures under the Deposit Services are adequate to prevent the risks involved in placing the funds of the Group with Shougang Group.

Based on the above, we are of the view that the internal control measure adopted by the Group for monitoring the transactions contemplated under the Renewed Master Services Agreement have been effectively implemented. Having considered the above, in particular (a) the pricing policy of the Renewed Master Services Agreement has been adherence in accordance with the Group's internal control procedures; (b) the ongoing monitoring of the transactions under the Renewed Master Services Agreement; and (c) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the Renewed Master Services Agreement and the proposed annual caps thereunder, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the Renewed Master Services Agreement will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. The Supplemental Master Facilities Agreement

(i) Background and reasons

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 and financial technology services and property leasing services. As disclosed in the section headed "1. Background information of the Group" above, sale and leaseback arrangement services was one of the core

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businesses of the Group, which accounted for approximately 85.7% and 82.2% of its total revenue for FY2023 and FY2024, respectively. As advised by the management of the Group, although the Group has prioritised the provision of supply chain management and financial technology services, the Group will also continue to promote its financial leasing services to the well-established steel companies and domestic conglomerates as it would enable the Group to earn a stable revenue stream with a considerably lower risk exposure.

On 29 August 2024, the Company entered into the 2024 Master Facilities Agreement with Shougang, pursuant to which the Company has conditionally agreed to provide or procure its subsidiaries to provide the 2024 Facilities to Shougang Group. The 2024 Facilities include 2024 Credit Finance Facilities and 2024 Finance Leasing Facilities with a principal amount of RMB600 million and RMB1,400 million, respectively. Nevertheless, the actual demand for the 2024 Credit Finance Facilities under the 2024 Master Facilities Agreement is expected to exceed the original expectations, which will result in a corresponding increase in the total amount of expected 2024 Credit Finance Facilities under such agreement. With reference to the 2024 Annual Report, the aggregate principal utilised by Shougang Group and/or its subsidiaries under the 2024 Master Facilities Agreement in 2024 were approximately RMB500 million for facilities provided by way of credit financing. In other words, approximately 83.3% of the 2024 Credit Finance Facilities has been utilised as at 31 December 2024. As advised by the management of the Group, the aggregate principal utilised by Shougang Group and/or its subsidiaries under the 2024 Master Facilities Agreement for 5M2025 were approximately RMB600 million for facilities provided by way of credit financing, indicating that 2024 Credit Finance Facilities has been fully utilised as at 31 May 2025. As such, the aggregate amount of 2024 Credit Finance Facilities to Shougang Group under the 2024 Master Facilities Agreement is expected to be higher than the level envisaged at the time when the parties entered into the 2024 Master Facilities Agreement. In view of this, on 25 July 2025, the Company and Shougang entered into the Supplemental Master Facilities Agreement, pursuant to which the Company and Shougang agreed to increase the principal amount of the 2024 Credit Finance Facilities from RMB600 million to RMB1,800 million. As such, the Board expects that the 2024 Master Facilities Annual Caps may not be sufficient. Therefore, the Board proposed to increase the aggregate annual caps of the transactions contemplated under the 2024 Master Facilities Agreement, i.e. the maximum outstanding balance in respect of the actual amount of the 2024 Facilities utilised (which includes the principal amount of the 2024 Facilities, relevant interest and handling fees), from RMB2,262 million to RMB2,543 million.

As disclosed in the Letter from the Board, the Group aims at sourcing customers in the finance lease segment with sufficient assets and good creditworthiness in order to safeguard the credit risks of the Group. Shougang Group is rich in assets and has a good credit history with good repayment capability. The Group has been providing financing and financial leasing services to Shougang Group for years, allowing the Group to gradually build up its customer profile and cumulate deep understanding in the industry characteristics, capital structures,

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business operation and financing needs of Shougang Group. As such, the entering into of the Supplemental Master Facilities Agreement is beneficial for the Group's continuous development in the financial leasing business which is in line with its business strategy.

Based on the above, we concur with the Directors that the entering into of the Supplemental Master Facilities Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(ii) *Principal terms*

Details of the terms of the Supplemental Master Facilities Agreement are set out in the Letter from the Board, which are summarised as follows:

Date	: 25 July 2025 (after trading hours)
Parties	: (a) the Company; and (b) Shougang
Subject matter	: Pursuant to the Supplemental Master Facilities Agreement, Shougang agreed to revise and increase the principal amount of the 2024 Credit Finance Master Facilities from RMB600 million to RMB1,800 million. As such, the 2024 Facilities shall be revised and increased from RMB2,000 million to RMB3,200 million.

Accordingly, the aggregate annual caps of the transactions contemplated under the 2024 Master Facilities Agreement shall be increased from RMB2,262 million to RMB2,543 million which includes the principal amount of the 2024 Facilities, relevant interest and handling fees.

Save for the above revision, all other terms and conditions under the 2024 Master Facilities Agreement shall remain unchanged.

Conditions precedent	: The Supplemental Master Facilities Agreement is effective upon fulfilment of the following conditions precedent, among others, approval(s) by the Independent Shareholders having been obtained for the Revised Facilities Annual Caps contemplated under the Supplemental Master Facilities Agreement.
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Major terms of the 2024 Credit Finance Facilities

2024 Credit Finance amount : The credit financing facilities amount shall be such amount requested by Shougang Group, subject to such amount shall not exceed the unutilised portion of the 2024 Credit Finance Facilities.

Term of each 2024 Credit Finance Facilities : The duration of each loan will be negotiated on a case-by-case basis and term of each credit financing loan will not have a term of longer than three (3) years from the date of the grant of the relevant loan.

To ensure the compliance of the Listing Rules, it is agreed that if the Company fails to renew the 2024 Master Facilities Agreement after the last day of its Effective Date, the Group has the rights to terminate the relevant credit financing loan and demand Shougang Group for full repayment of the outstanding loan within 14 days upon written notice.

Interest rate : The interest rate payable by the relevant borrower shall be at a rate equal to the cost of lending of the Group plus 1% to 5%, subject to not being more than 10%.

Repayment date of the credit financing and interest : Unless otherwise agreed, the outstanding principal of the credit financing shall be repayable at the expiry of the term of the credit financing and the interest accrued shall be paid on a quarterly basis on the 21st day of March, June, September and December.

Handling fee : The Group shall be entitled to charge the relevant borrower a non-refundable handling fee of not more than 1.5% of the principal amount of the credit financing. Such handling fee is negotiated on a case-by-case basis by reference to the handling fee charged by other finance companies for credit financing of similar nature. Such fee shall be payable at least five business days before the drawdown of the credit financing.

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In assessing the fairness and reasonableness of the key terms of the Supplemental Master Facilities Agreement, we have considered the followings:

Interest rate

Pursuant to the 2024 Master Facilities Agreement, the range of interest rate for credit financing were determined after arm's length negotiations between the parties with reference to the prevailing market rate and a reasonable margin, which will be added to the total cost of lending by the Group so as to ensure that the Group can earn a net income for providing the facilities under the 2024 Master Facilities Agreement.

As advised by the management of the Group, a total of 4 credit financing transactions has been entered into by the Group with Shougang Group while no credit financing transaction was conducted by the Group with any independent third party customer from November 2024 to May 2025 (the “**Facilities Review Period**”). We therefore do not have direct reference for comparison purpose in assessing the fairness and reasonableness of the interest rate chargeable on the credit financing transactions under the 2024 Master Facilities Agreement. Alternatively, we have compared the interest rates chargeable on credit financing transaction under the 2024 Master Facilities Agreement against the market interest rate.

Pursuant to the 2024 Master Facilities Agreement, the interest rate shall be at a rate equal to the cost of lending of the Group plus 1% to 5%, subject to not being more than 10%. We have obtained and reviewed all of the Group's credit financing agreements with Shougang Group during the Facilities Review Period. Based on our review, we noted that the interest rates charged by the Group on Shougang Group were 4.6% to 5.0%. As disclosed in the 2024 Annual Report, the Group had no bank borrowings as at 31 December 2023 and 2024. As advised by the management of the Group, all of the transactions contemplated under the 2024 Master Facilities Agreement were funded by the Group's internal resources. In this regard, we have researched on the RMB loan prime rates and the RMB deposit rates during the Facilities Review Period. According to the People's Bank of China (“**PBOC**”), the RMB loan prime rate amounted to 3.0% to 3.1% for one-year period and 3.5% to 3.6% for over-five-year period during the Facilities Review Period. In addition, according to the “Notice of the PBOC on Lowering the RMB Benchmark Loan and Deposit Interest Rates for Financial Institutions and Further Promoting the Interest Rate Liberation Reform (Yin Fa [2015] No. 325))” (中國人民銀行關於下調金融機構人民幣貸款和存款基準利率並進一步推進利率市場化改革的通知(銀發[2015]325號)) prescribed by the PBOC on 24 October 2015, the latest RMB benchmark deposit rates are 1.30% for six-month period, 1.50% for one-year period and 2.75% for three-year period. Such deposit rates have not been updated by the PBOC since then. As such, the credit financing interest rates charged by the

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Group under the 2024 Master Facilities Agreement are no more favorable than the market benchmark lending rate and the market deposit rate for the idle funds during the relevant period.

Based on the above, we concur with the management of the Group that the credit financing interest rates under the 2024 Master Facilities Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Handling fees

The handling fees to be charged by the Group will be not more than 1.5% of the principal amount of the credit financing. It is stipulated under the pricing policy of the 2024 Master Facilities Agreement that the handling fees are determined by the Group on a case-by-case basis with reference to the handling fee charged by other finance companies for credit financing of similar nature. Such rate is adjustable depending on various factors, including the level of services as provided by the Group and the risk exposures of the transactions.

In assessing the fairness and reasonableness of the handling fees on credit financing transactions, as there was no credit financing transaction conducted by the Group with any independent third party customer during the Facilities Review Period, we have compared the handling fees on credit financing transaction under the 2024 Master Facilities Agreement against the handling fees charged by independent commercial banks. Based on our independent market research on the official websites of three independent commercial banks, being Bank of China, Industrial and Commercial Bank of China and Nanyang Commercial Bank, we noted that a credit financing handling fee of 0% to 1.5% was normally charged in the market. As the credit financing handling fees are disclosed in the official websites of these independent commercial banks, we consider the source to be reliable. As such, the credit financing handling fees to be charged by the Group of not more than 1.5% under the 2024 Master Facilities Agreement are in line with the market rate.

Based on the above, we concur with the management of the Group that the credit financing handling fees under the 2024 Master Facilities Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Guarantee

Pursuant to the 2024 Master Facilities Agreement, Shougang shall guarantee the obligations of the relevant member(s) of Shougang Group as borrower(s) under each loan.

As discussed in the section headed “2. Background information of Shougang Group” above, Shougang Group is one of the largest steel production enterprises in the PRC. As at 31 December 2024, the total assets and net assets of Shougang Group amounted to approximately RMB518.6 billion and RMB173.0 billion, respectively. In addition, according to the 2024 Credit

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Report, CCXI has assigned a corporate rating of “AAA” with a stable outlook to Shougang Group, reflects the advantages of Shougang Group’s operation scale, resources, product structure and manufacturing facilities, as well as the expectation that Shougang Group’s operation will remain stable. As advised by the management of the Group, the guarantee provided by Shougang Group is relatively sizable as compared to the corporate guarantees and/or personal guarantees from independent third party customers, which would lower the credit risk exposed by the Group on the transactions to be conducted under the 2024 Master Facilities Agreement.

Having considered (a) the strong background and business scale of Shougang Group; and (b) the size of the historical guarantee provided by Shougang Group, we concur with the management of the Group that adequate guarantee has been sought to secure the interests of the Group under the 2024 Master Facilities Agreement.

(iii) Assessment of the revised annual caps

Set out below are the historical annual caps and actual transaction amounts of the facilities granted by the Group to Shougang Group under the 2024 Master Facilities Agreement:

	Aggregate principal utilised during FY2024 <i>RMB'million</i>	Maximum outstanding balance during FY2024 <i>RMB'million</i>	Aggregate principal utilised during 5M2025 <i>RMB'million</i>	Maximum outstanding balance during 5M2025 <i>RMB'million</i>
2024 Credit Finance				
Facilities annual caps	600	669	600	669
Actual amount of 2024				
Credit Finance				458
Facilities utilised	500	514	600	(Note)

Note: The maximum outstanding balance in 2025 was smaller than the principal utilised in 2025 because the Credit Finance Facilities granted were non-revolving in nature, and hence the repaid principal in 2024 was no longer included in the maximum outstanding balance in 2025.

As shown in the table above, the actual amount of aggregate principal utilised of the 2024 Credit Finance Facilities under the 2024 Master Facilities Agreement for FY2024 and 5M2025 amounted to approximately RMB500 million and RMB600 million, respectively, representing approximately 83.3% and 100.0% of the annual caps in 2024 and 2025, respectively. In addition, the maximum outstanding balance of the actual amount of the 2024 Credit Finance Facilities utilised under the 2024 Master Facilities Agreement for FY2024 and 5M2025 amounted to approximately RMB514 million and RMB458 million, respectively, representing approximately

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76.8% and 68.5% of the annual caps in 2024 and 2025, respectively. As at the Latest Practicable Date, the 2024 Master Facilities Annual Caps for the year ending 31 December 2025 have not been exceeded.

In view of the utilisation of the 2024 Credit Finance Facilities under the 2024 Master Facilities Agreement for 5M2025, the Group proposes to revise the 2024 Credit Finance Facilities from RMB600 million to RMB1,800 million (i.e. the Revised Credit Finance Facilities). As a result of the revision of the 2024 Credit Finance Facilities pursuant to the Supplemental Master Services Agreement, set out below are the revision of the 2024 Master Facilities Annual Caps for the years ending 31 December 2025 and 2026 and from 1 January 2027 to the last date of the Effective Date of the 2024 Master Facilities Agreement:

	Annual caps for credit finance		Annual caps for finance leasing	Aggregate annual caps	
	Original	Revised	Original	Original	Revised
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
For the year ending 31 December 2025	669	950	1,593	2,262	2,543
For the year ending 31 December 2026	669	950	1,593	2,262	2,543
From 1 January 2027 to the last date of the Effective Date of the 2024 Master Facilities Agreement	669	950	1,593	2,262	2,543

In assessing the reasonableness of the Revised Credit Finance Facilities and the Revised Facilities Annual Caps under the Supplemental Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the Revised Credit Finance Facilities (i.e. RMB1,800 million) and the Revised Facilities Annual Caps (i.e. RMB950 million), they have taken into account, among others, (a) the historical transaction amounts under the 2024 Master Facilities Agreement and the utilisation of the 2024 Master Facilities Annual Caps under the 2024 Master Facilities Agreement; (b) the increase in expected demand for the 2024 Credit Finance Facilities by Shougang Group; (c) the availability of the Group's internal financial resources to finance the operation at the same time maintaining sufficient working capital and liquidity for the Group's daily operations; and (d) the capability of the Group to raise the necessary funds to finance the operation.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the Revised Credit Finance Facilities and the Revised Facilities Annual Caps and reviewed the relevant calculations. As stated in

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the section headed “2. Background information of Shougang Group” above, Shougang Group is a capital intensive company with total assets and net assets amounted to approximately RMB518.6 billion and RMB173.0 billion as at 31 December 2024, respectively. We noted that the principal amount of the Revised Credit Finance Facilities of RMB1,800 million and the Revised Facilities Annual Caps of RMB950 million only represent approximately 1.1% and 0.6% of the carrying value of the fixed assets of Shougang Group of RMB167.8 billion as at 31 December 2024, respectively. If including the facilities and proposed annual caps for finance leasing under the 2024 Master Facilities Agreement, the principal amount of the aggregate facilities of RMB3,200 million and the proposed aggregate annual cap of RMB2,543 million only represent approximately 1.9% and 1.5% of the carrying value of the fixed assets of Shougang Group of RMB167.8 billion as at 31 December 2024, respectively. The revised transaction size under the Supplemental Master Services Agreement is hence not significant and the Directors believe that the Group is able to conduct more credit finance transactions with Shougang Group and/or its subsidiaries at scalable sizes in future.

As advised by the management of the Group, the Revised Credit Finance Facilities are determined with reference to Shougang Group’s latest financing plan in 2025, which was proposed by Shougang Group based on its internal assessment on the estimated capital and operational needs in the next 28 months. As advised by the management of the Group, the Group believes that the financing needs of Shougang Group would increase in the next 28 months. In this regard, we have obtained and reviewed Shougang Group’s latest financing plan in the next 28 months, the existing facilities expected to be brought forward under the 2024 Master Facilities Agreement and the expected repayment schedule. In considering the future financing needs of Shougang Group, we have performed research on the business operation of Shougang Group and discussed with the management of the Group and noted that (a) as the only iron and steel enterprise 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 Group has obtained strong support from the local government. Under the leadership of the State Council and the municipal government, Shougang Group has completed the construction and relocation of new plant in Jingtang base and Qian’an base to continuously optimise its iron and steel production business; (b) Shougang Group will continue to explore and strengthen the synergies among different business divisions to increase its overall operating efficiency and profitability. While prioritising on its iron and steel production business, Shougang Group aims to create the comprehensive competitiveness of “production plus services” through different business divisions, such as iron and steel production, industrial park construction and financial services. Shougang Group believes that such synergies will help maximise the value of its business portfolio, enhance its risk resistibility and improve its overall competitiveness; (c) according to the 2025 Offering Circular, as at the end of 2024, Shougang Group had two major projects under construction in relation to iron ore and manufacturing base and comprehensive industrial services park. The total investments of these two projects had reached approximately RMB56.1 billion as at the end of 2024. As such, Shougang Group relies on external financing to satisfy a

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portion of its capital requirements for its business operation and expansion. In particular, Shougang Group had short-term and long-term borrowings of approximately RMB128.3 million as at 31 December 2024; and (d) the actual amount of aggregate principal utilised of the 2024 Credit Finance Facilities under the 2024 Master Facilities Agreement for 5M2025 amounted to approximately RMB600 million, indicating that the 2024 Credit Finance Facilities have been fully utilised. As such, we consider the Revised Credit Finance Facilities of RMB1,800 million to be fair and reasonable.

The Revised Facilities Annual Caps are then determined based on the outstanding principal balance at the beginning of the year, new loans to be granted under the Revised Credit Finance Facilities based on Shougang Group's latest financing plan and repayments to be made by Shougang Group based on the terms of the existing loans and expected new loans, which we consider to be fair and reasonable. The Revised Facilities Annual Caps (i.e. RMB950 million), are smaller than the Revised Credit Finance Facilities (i.e. RMB1,800 million) because the Revised Credit Finance Facilities to be granted are non-revolving in nature while the Revised Facilities Annual Caps have taken into account the principal amounts to be repaid.

Taking into account (a) the recent and future business strategies of Shougang Group to develop its iron and steel production business; (b) the expected financing needs of Shougang Group based on its capital-intensive nature, existing construction projects and huge historical funding raised from external borrowings; and (c) the strong background of Shougang Group and its close linkage with Beijing Municipal People's Government, we consider the Revised Credit Finance Facilities and the Revised Facilities Annual Caps under the Supplemental Master Services Agreement, which are the same during the remaining term of the 2024 Master Facilities Agreement, to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Although the revised aggregate annual caps of RMB2,543 million under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Services Agreement) represent over 100% of the total assets of the Company as at 31 December 2024, taking into account that (a) Shougang Group has good credit history with reliable repayment capability. Based on our independent market research, Shougang Group ranked ninth among the world's top 50 steel producing companies in terms of steel production volume in 2023. In addition, Shougang Group was assigned a corporate rating of "AAA" with a stable outlook by CCXI, which reflects the assessment of the local government's strong control and support of Shougang Group and the expectation that Shougang Group's operation will remain stable and it would remain strong linkage with Beijing Municipal People's Government. All of the above factors indicate that the credit risk associated with Shougang Group is considered to be relatively low; (b) as advised by the management of the Group, all of the transactions contemplated under the 2024 Master Facilities Agreement were funded by the Group's internal resources, which indicates that the Group had sufficient funds to conduct the transactions under the 2024 Master Facilities

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Agreement. We are also given to understand that prior to the finalisation of each project, the Group would assess the availability of internal resources and approach the banks for financing of each project, in order to ensure there are sufficient funds for the transaction; and (c) the revised aggregate annual caps under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Services Agreement) represent the amount of the facilities to be granted by the Group to Shougang Group. As advised by the management of the Group, the Group has the absolute discretion on whether or not to provide the loan under the facilities at the relevant time. In any case, if the Group considers that it has difficulty to provide the loan, it can reject to provide the loan under the facilities without any penalty, we consider there is no reliance and concentration risk or concern.

6. Reporting requirements and conditions of the continuing connected transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the Agreements (the “**Transactions**”) are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Transactions every year. The Company’s auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transactions:
 - (a) have not been approved by the Board;
 - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transaction involves the provision of goods or services by the Group;
 - (c) were not entered into, in all material respects, in accordance with the relevant agreements governing the Transactions; and
 - (d) have exceeded the relevant proposed annual caps;
- (iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company’s auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and

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- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the relevant proposed annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the relevant proposed annual caps not being exceeded, we are of the view that appropriate measures are in place to monitor the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the Agreements are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Agreements (including the relevant revised and proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the SGM to approve the Transactions.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. FINANCIAL SUMMARY

Financial information of the Group for each of the three financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 are disclosed in the following documents, which can be accessed on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.capital-ifs.com/>).

- (i) Annual report of the Company for the year ended 31 December 2022 (pages 132–274), which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0418/2023041800666.pdf>

- (ii) Annual report of the Company for the year ended 31 December 2023 (pages 133–274), which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0415/2024041501033.pdf>

- (iii) Annual report of the Company for the year ended 31 December 2024 (pages 86–214), which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0414/2025041401178.pdf>

2. STATEMENT OF INDEBTEDNESS

Borrowings and lease liabilities

At the close of business on 31 July 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had no outstanding bank borrowings; the Group had lease liabilities of approximately HK\$3,015,000 certain of which were secured by the rental deposits and all of which were unguaranteed; and the Group had loans from a related party of approximately HK\$16,204,000 which is unsecured.

Pledge of assets

At the close of business on 31 July 2025, the Group had no charge on its assets.

Debt securities

At the close of business on 31 July 2025, the Group had no debt securities.

Contingent liabilities

The Group did not have any material contingent liabilities as at the close of business on 31 July 2025.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and others payables in the ordinary course of business, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts,

loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 31 July 2025.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources of the Group including the Group's internal resources, available banking and other borrowing facilities, in the absence of any unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for the Group's requirements for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND OPERATIONAL PROSPECTS OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of sale and leaseback arrangement services, financial services, property investment and management, supply chain management and financial technology services. Adhering to the philosophy of "building platforms, practicing internal skills, and providing services", the Group will explore its own growth potential and continue to strengthen the construction of its supply chain financial technology service platform. The Group is fully committed to promoting supply chain financial technology services and financial leasing services, allowing the market to see the results of reform and transformation of the Group.

Looking ahead, since 31 December 2024, being the date to which the accounts of the Company were made up, under the policy environment and market environment of promoting financial innovation, the Group will continue to focus on high quality development, seize new opportunities offered by the digital economy, explore new paths for transformation and development, research and formulate long-term plans for business development, devote itself to expanding its services for the steel industry chain, strive to increase the Group's market capitalization and achieve unprecedented economic benefits. The Group will strive to capitalise on the advantage of cross-border operation while actively exploring new models of innovative financial service business and taking advantage of Hong Kong's excellent geographical location and favorable financing environment as an international financial market. Through diverse financing tools (both domestic and overseas), the Group will strive to provide low cost funds and equity capital to the Group's customers and optimise their capital structure, and to achieve sustainable growth in its business scale and create greater business value for its customers and shareholders.

As at 31 December 2024, the Group has no specific plan for material investments or capital assets. The Group will continue to allocate a reasonable amount of resources, better utilisation of the Company's assets and improvement of capital assets to improve operations efficiency and to meet customer needs and market demands. Sources of funding are expected to come primarily from the revenue that the Group will generate from operations and alternative debt and equity financing.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Group for the each of the three years 31 December 2022, 2023, 2024 extracted from the annual reports of the Company for each of the years ended 31 December 2022, 2023 and 2024, respectively.

Unless otherwise defined in this circular or the context otherwise requires, capitalised terms used in this section shall have the same meanings as those ascribed in the abovementioned annual reports of the Company, as the case may be.

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Key Performance Indicators

The key financial performance indicators are analysed as below:

	2022 HK\$'000	2021 HK\$'000	+/(-) Change
Financial performance			
Revenue from continuing operations	370,638	1,895,594	–80%
Gross profit margin from continuing operations (%)	23%	5%	18%
Profit for the year from continuing operations	33,478	42,051	–20%
Profit attributable to owners of the Company	14,526	27,294	–47%
Key financial indicators			
Total cash	322,904	387,095	–17%
Total assets	2,006,231	2,325,595	–14%
Total liabilities	250,855	435,216	–42%
Bank borrowings	13,639	290,922	–95%
Capital and reserves attributable to owners of the Company	1,417,068	1,537,657	–8%
Current ratio	615%	528%	16%
Basic loss per share (HK cent)	0.37	0.68	–46%

Financial Overview

The Group recorded profit attributable to owners of the Company of approximately HK\$14,526,000 for the year ended 31 December 2022, as compared with profit attributable to owners of the Company of approximately HK\$27,294,000 for the year ended 31 December 2021, which was mainly due to a decrease in profit from the supply chain management business segment, due to business transformation, decrease in the share of profit of an associate and the decrease in fair value of investment properties. Revenue from continuing operations of the Group for the year ended 31 December 2022 was approximately HK\$370,638,000, which represented a significant decrease of approximately 80% when compared with that of approximately HK\$1,895,594,000 for the year 2021. The decrease was mainly attributable to a decrease in revenue from the supply chain management business segment. The Group recorded a gross profit from continuing operations of approximately HK\$86,832,000 for the year ended 31 December 2022, representing a decrease of approximately 15% when compared with the gross profit of approximately HK\$102,691,000 for the year 2021. The Group recorded a gross profit margin from continuing operations of approximately 23% for the year ended 31 December 2022, representing a significant increase when compared with the gross profit margin of approximately 5% for the year 2021. Basic earnings per share of the Group for the year ended 31 December 2022 was HK0.37 cent (2021: basic earnings per share was HK0.68 cent).

Revenue from continuing operations for the year ended 31 December 2022 was approximately HK\$370,638,000, representing a significant decrease of approximately 80% when compared with that of approximately HK\$1,895,594,000 for the year 2021. The decrease was mainly attributable to the business transformation in accordance with market condition, the suspension of business covering full-process services including steel product trading and logistics under the supply chain management business segment which led to a significant decrease in revenue by approximately HK\$1.5 billion.

The Group recorded a gross profit from continuing operations of approximately HK\$86,832,000 for the year ended 31 December 2022, representing a decrease of 15%, when compared with the gross profit of approximately HK\$102,691,000 for the year 2021. The Group recorded a gross profit margin from continuing operation of approximately 23% for the year ended 31 December 2022, representing a significant increase when compared with the gross profit margin from continuing operation of approximately 5% for the year 2021, which was mainly attributable to the growth of the C-end business of the financial leasing services segment, and the decrease in the scale of business covering full-process services including steel product trading and logistics under the supply chain management service business segment. Other income from continuing operations for the year ended 31 December 2022 amounted to approximately HK\$9,696,000 (2021: HK\$5,831,000), representing a significant increase of approximately 66%. The increase was mainly due to the increase in interest income from deposits.

Administrative expenses from continuing operations for the year ended 31 December 2022 amounted to approximately HK\$53,480,000 (2021: HK\$58,804,000), representing a decrease of approximately 9%. The decrease was mainly due to the reduction in staff cost and the consultancy and management services provided by Shougang Holdings (Hong Kong) Limited (“**Shougang Holdings**”) has been terminated during the year.

For the year ended 31 December 2022, share of profit of associates amounted to approximately HK\$523,000 (2021: HK\$2,328,000), as our associates continued to make contributions to the Group’s profit.

Business Review and Outlook

Focusing specifically on its core businesses including financial leasing, supply chain management services and commercial factoring, the Group has established a comprehensive platform for supply chain financial services and will give full play to the important role of financial services in empowering real economy. Taking advantage of our industrial advantages and competitive edges, we focus on the provision of customised and comprehensive financial service solutions to the steel industry and upstream and downstream customers on the industry chain for different business scenarios including the C-end market, and strive to meet our medium- and long-term strategic goal of continuous growth in performance.

Sale and Lease Back Arrangements Services Segment

An indirectly owned subsidiary of the Company, South China International Leasing Co., Ltd. (“**South China Leasing**”), principally engages in the provision of financial leasing in the PRC. The principal mode of finance lease offered by South China Leasing mainly include direct leasing and sale and leaseback arrangements. The major source of fund for this business is loans from banks and internal resources of the Group.

Direct leasing: Under this arrangement, the lessee designates the supplier of the selected equipment. Then the lessee, the equipment supplier, and South China Leasing sign a tripartite leasing contract pursuant to which South China Leasing will pay the equipment supplier for the equipment after acceptance of the equipment by the lessee and the lessee will pay South China Leasing rent for the use of the equipment based on the agreed terms.

Sale and leaseback: Under this arrangement, the lessee sells the subject equipment to South China Leasing and signs an equipment sale and purchase contract with South China Leasing. Then South China Leasing signs a sale-and-leaseback contract with the lessee. South China Leasing will pay the lessee for the equipment and the lessee will pay South China Leasing rent for using the equipment based on the agreed terms.

South China Leasing focuses on steel companies and domestic conglomerates as well as their upstream and downstream customers as its core customer groups as it would enable the Group to earn a stable revenue stream with a considerably lower risk exposure. Most customers of South China Leasing in the PRC are obtained through (a) referrals from business partners of existing customers, banks or peers and (b) marketing and sales effort from South China Leasing.

As at 31 December 2022, approximately 30% (2021: 36%) of the total receivables under the sale and leaseback arrangement was due from the Group's largest sale and leaseback customer which is a related party of the Group. As at 31 December 2022, approximately 58% (2021: 96%) of the total receivables under the sale and leaseback arrangement was due from the Group's five largest sale and leaseback customers, of which two such customers are related parties of the Group. Such related customers accounted for approximately 32% of the total receivables under sale and leaseback arrangement, and the remaining three customers accounted for approximately 14%, 12% and 0% of the total receivables under the sale and leaseback arrangement respectively.

As at 31 December 2022, the Group had entered into 63,714 finance lease transactions of which 63,701 finance lease transactions were with independent individual customers, with principal amounts ranged from approximately RMB800 to RMB300 million. The Group's sale and leaseback customers are spread across diverse industries such as manufacturing industries, property development, trading and port logistics services provider, intelligent car wash service provider, and individual mobile phone rental customers.

During the year, revenue from the sale and leaseback arrangements services segment decreased by approximately 2% to approximately HK\$90,300,000 (2021: HK\$91,816,000), and the segment recorded a profit of approximately HK\$77,458,000 (2021: HK\$67,501,000). The revenue from the sale and leaseback arrangements services segment is stable and the increase in segment's performance was mainly due to the development of the C-end business and the recovery of receivables under sale and leaseback arrangements previously written off.

Supply Chain Management Business Segment

During the year, revenue from the supply chain management business segment was approximately HK\$275,880,000 (2021: HK\$1,803,045,000). The supply chain management business segment recorded a profit of approximately HK\$2,795,000 (2021: HK\$8,525,000). Our supply chain management business segment considers the business scenarios of the target companies and makes detailed analyses of the capital flow, information flow, product flow and logistics of the industry chain on which these companies operate, and then provides the most accessible and diversified products to them, thereby satisfying their capital and management needs. In this way, the segment also helps to reduce the transaction cost incurred on the industry chain and thus empowers the industry. In the face of macro circumstances such as the ever-changing situation of the COVID-19 pandemic globally and the instability lie in the momentum of economic recovery, the supply chain management business segment adopted a prudent approach in response to market conditions, and took initiative in making adjustments to its scale of business. The supply chain management segment has suspended its trading of goods business since August 2022, and has fully shifted to and focused on the multi-tier transfer of electronic creditor's rights certificates and related businesses for the steel industry chain. Based on the business application scenarios of core enterprises, this business provides negotiable, apportionable and financeable electronic creditor's rights certificate to core enterprises. In November 2022, the Shougang Jingpiao System, a multi-tier transfer system for electronic creditor's rights certificates created by the Group to serve the upstream and downstream of the steel industry chain, was officially online and put into operation. This business transformation led to a slowdown in revenue and segment performance.

Assets Management and Consultancy Services Segment

During the year, revenue from the assets management and consultancy services segment was nil (2021: HK\$2,409,000), and the segment recorded a loss of approximately HK\$1,241,000 (2021: a profit of approximately HK\$442,000). The decrease in revenue from the assets management and consultancy services segment and the segment loss were mainly due to the downsizing and discontinued of the consultancy business.

Property Leasing Services Segment

During the year, revenue from the property leasing services segment increased to approximately HK\$4,458,000 (2021: HK\$733,000), and the segment recorded a HK\$1,783,000 (2021: HK\$796,000). The increase in revenue and segment result from the property leasing services segment was mainly attributable to the investment property in Shenzhen has been leased out for the whole year.

In terms of risk management infrastructure, prudent and effective risk management can help in untapping the commercial value of long-term investments, as well as laying a solid foundation for the Group's sustainable development. We will put emphasis on strengthening our risk control system, introducing information technology platform, and adjusting our management and control strategies in a timely manner and continuously improving our management by improving and optimising our risk control mechanism. In addition, we will also continue to promote the development of our online risk management platform based on asset securitisation and industry supply chain business so as to provide an effective tool for the Group's risk management.

Looking ahead into 2023, under the policy environment and market environment of promoting financial innovation, Capital Industrial Financial Services will continue to focus on high-quality development, seize new opportunities offered by the digital economy, explore new paths for transformation and development, research and formulate long-term plans for business development, devote itself to expanding its services for the steel industry chain, strive to increase the Company's market capitalisation and achieve unprecedented economic benefits. We will strive to capitalise on the advantage of cross-border operation while actively exploring new models of innovative financial service business and taking advantage of Hong Kong's excellent geographical location and favorable financing environment as an international financial market. Through diverse financing tools (both domestic and overseas) and different market and currency cycles, we will bring low cost funds and equity capital to our customers and optimise their capital structure, help the Group to achieve sustainable growth in its business scale and create greater business value for our customers, shareholders and society.

Liquidity, Financial Resources and Financing Activities

The Group aimed to maintain stable funding sources and financing is arranged to balance between business requirements and cash flows. The financial leverage of the Group as at 31 December 2022 as compared to 31 December 2021 is summarised below:

	31 December 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total borrowings		
Current borrowings	44,282	196,603
Non-current borrowings	—	94,319
Sub-total	44,282	290,922
Total cash		
Cash and cash equivalents	322,904	387,095
Total equity	1,755,376	1,890,379
Total assets	2,006,231	2,325,595
Financial Leverage		
Current ratio	615%	528%

As at 31 December 2022, the Group had cash and cash equivalents of approximately HK\$322,904,000 (31 December 2021: HK\$387,095,000), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The decrease was mainly attributable to the repayment of bank borrowings of approximately HK\$342,245,000.

As at 31 December 2022, the Group's borrowings amounted to approximately HK\$44,282,000 (2021: HK\$290,922,000) of which HK\$44,282,000 (2021: HK\$196,603,000) were repayable within twelve months from 31 December 2022 and none of which (2021: HK\$94,319,000) was repayable after twelve months from 31 December 2022. During the year, the Group obtained new bank borrowings of approximately HK\$70,000,000 (2021: HK\$148,382,000) for the financial leasing business and working capital of the Group. All borrowings bore interest at market rates.

The gearing ratio, as calculated on the basis of total interest-bearing borrowings over total equity, dropped to 3% (2021: 15%) as at 31 December 2022.

Capital Structure

The capital and reserves attributable to owners of the Company amounted to approximately HK\$1,417,068,000 as at 31 December 2022 (31 December 2021: HK\$1,537,657,000). The decrease was mainly due to the exchange differences arising on translation of approximately HK\$117,481,000 in total during the year. The Company did not issue any new shares during the year. The issued share capital of the Company was approximately HK\$39,846,000 (represented by approximately 3,984,640,000 issued ordinary shares).

Material Acquisition, Disposals and Significant Investments

During the year, the Group had no material acquisitions, disposals and significant investment.

Charge on Assets

As at 31 December 2022, the Group had the following charge on assets:

- (i) The Group's investment properties with an aggregate carrying value of approximately HK\$32,900,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK\$2,439,000.
- (ii) The Group's receivables under sale and leaseback arrangements with a carrying value of approximately HK\$73,830,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK\$11,200,000.

Foreign Exchange Exposure

The normal operations and investments of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign exchange exposures. As at 31 December 2022, the Group had no significant foreign exchange exposure.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2022.

Employees

As at 31 December 2022, the Group employed 50 (31 December 2021: 47) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and work experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund, discretionary bonus and employees share option scheme are also available to employees of the Group. Remuneration packages are reviewed either annually or through special increment. As disclosed in the Company's annual report for the financial year ended 31 December 2022, the five highest paid employees of the Group during the year ended 31 December 2022 included three Directors (2021: two Directors). The remuneration for the year of the remaining two (2021: three) highest paid employees who are neither a Director nor chief executive of the Company consist of HK\$6,069,000 (2021: HK\$3,596,000) on wages, salaries and other benefits and HK\$30,000 (2021: HK\$50,000) on retirement benefit schemes contributions.

During the year ended 31 December 2022, the Company and its subsidiaries have not paid or committed to pay to any individual any amount as an inducement to join or upon joining the Company and/or its subsidiaries.

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial Key Performance Indicators

The key financial performance indicators are analysed as below:

	2023 HK\$'000	2022 HK\$'000	+ / (-) Change
Financial performance			
Revenue from continuing operations	219,285	370,638	-41%
Gross profit margin from continuing operations (%)	55%	23%	32%
Profit for the year from continuing operations	42,434	33,478	27%
Profit attributable to owners of the Company	32,082	14,526	121%
Key financial indicators			
Total cash	319,054	322,904	-1%
Total assets	1,914,701	2,006,231	-5%
Total liabilities	158,201	250,855	-37%
Bank borrowings	—	13,639	-100%
Loan from a related party	9,810	30,643	-68%
Capital and reserves attributable to owners of the Company	1,415,922	1,417,068	-1%
Current ratio	1,081%	615%	76%
Basic earnings per share (HK cent)	0.81	0.37	119%

Financial Overview

The Group recorded profit attributable to owners of the Company of approximately HK\$32,082,000 for the year ended 31 December 2023, as compared with profit attributable to owners of the Company of approximately HK\$14,526,000 for the year ended 31 December 2022, which was mainly due to an increase in profit from the sale and leaseback arrangements services segment and the supply chain management and financial technology business segment, and an increase in other income and the share of profit of an associate. Revenue from continuing operations of the Group for the year ended 31 December 2023 was approximately HK\$219,285,000, which represented a significant decrease of approximately 41% when compared with that of approximately HK\$370,638,000 for the year 2022. The decrease was mainly attributable to a decrease in revenue from the supply chain management and financial technology business segment. The Group recorded a gross profit from continuing operations of approximately

HK\$120,355,000 for the year ended 31 December 2023, representing a significant increase of approximately 39% when compared with the gross profit of approximately HK\$86,832,000 for the year 2022. The Group recorded a gross profit margin from continuing operations of approximately 55% for the year ended 31 December 2023, representing a significant increase when compared with the gross profit margin of approximately 23% for the year 2022. Basic earnings per share of the Group for the year ended 31 December 2023 was HK0.81 cent (2022: basic earnings per share was HK0.37 cent).

Revenue from continuing operations for the year ended 31 December 2023 was approximately HK\$219,285,000, representing a significant decrease of approximately 41% when compared with that of approximately HK\$370,638,000 for the year 2022. The decrease was mainly attributable to the business transformation in accordance with market condition, the suspension of business covering full-process services including steel product trading and logistics under the supply chain management and financial technology business segment since August 2022.

The Group recorded a gross profit from continuing operations of approximately HK\$120,355,000 for the year ended 31 December 2023, representing a significant increase of 39%, when compared with the gross profit of approximately HK\$86,832,000 for the year 2022. The Group recorded a gross profit margin from continuing operation of approximately 55% for the year ended 31 December 2023, representing a significant increase when compared with the gross profit margin from continuing operations of approximately 23% for the year 2022, which was mainly attributable to (i) the successful business transformation and launched of Supply Chain Financial Platform (the “**Shougang SCF Platform**”) in late 2022 for the supply chain management and financial technology business which has higher gross profit margin and (ii) the continuous expansion of sale and leaseback arrangements services.

Other income from continuing operations for the year ended 31 December 2023 amounted to approximately HK\$18,580,000 (2022: HK\$9,696,000), representing a significant increase of approximately 92%. The increase was mainly due to the increase in credit financing arrangement interest income, management and financial advisory service income, and financial technical service income from a related party.

Administrative expenses from continuing operations for the year ended 31 December 2023 amounted to approximately HK\$61,235,000 (2022: HK\$53,480,000), representing an increase of approximately 15%. The increase was mainly due to the increase in staff cost, and legal and professional expenses.

For the year ended 31 December 2023, share of profit of associates amounted to approximately HK\$2,055,000 (2022: HK\$523,000), as our associates continued to make contributions to the Group’s profit.

Business Review and Outlook

The Group continued to push ahead the development philosophy of supply chain management and financial technology business, financial leasing and commercial factoring as core businesses, endeavored to become a supply chain financial technology and service platform characterised by integrating industry and finance, and gave full play to the important role of financial services in empowering real economy. Taking advantage of our industrial advantages and competitive edges, we focus on the provision of customised and comprehensive financial service solutions to the steel industry and upstream and downstream customers on the industry chain for different business scenarios including the individual consumer leasing market, and strive to meet our medium and long-term strategic goal of continuous growth in performance.

Sale and Leaseback Arrangements Services Segment

An indirectly owned subsidiary of the Company, South China International Leasing Co., Ltd. (“**South China Leasing**”), principally engages in the provision of financial leasing in the PRC. The principal mode of finance lease offered by South China Leasing mainly include direct leasing and sale and leaseback arrangements. The major source of fund for this business is loans from banks and internal resources of the Group.

Direct leasing: Under this arrangement, the lessee designates the supplier of the selected equipment. Then the lessee, the equipment supplier, and South China Leasing sign a tripartite leasing contract pursuant to which South China Leasing will pay the equipment supplier for the equipment after acceptance of the equipment by the lessee and the lessee will pay South China Leasing rent for the use of the equipment based on the agreed terms.

Sale and leaseback: Under this arrangement, the lessee sells the subject equipment to South China Leasing and signs an equipment sale and purchase contract with South China Leasing. Then South China Leasing signs a sale-and-leaseback contract with the lessee. South China Leasing will pay the lessee for the equipment and the lessee will pay South China Leasing rent for using the equipment based on the agreed terms.

South China Leasing focuses on steel companies and domestic conglomerates as well as their upstream and downstream customers as its core customer groups as it would enable the Group to earn a stable revenue stream with a considerably lower risk exposure. Most customers of South China Leasing in the PRC are obtained through (a) referrals from business partners of existing customers, banks or peers and (b) marketing and sales effort from South China Leasing.

As at 31 December 2023, the Group had entered into 135,845 finance lease transactions of which 135,841 finance lease transactions were with independent individual customers, with principal amounts of approximately RMB8,300 in average. The Group’s sale and leaseback customers are spread across industries such as manufacturing industries and individual mobile phone rental customers.

During the year, revenue from the sale and leaseback arrangements services segment increased by approximately 108% to approximately HK\$188,021,000 (2022: HK\$90,300,000), and the segment recorded a profit of approximately HK\$48,961,000 (2022: HK\$77,458,000). The increase in revenue from the sale and leaseback arrangements services segment was mainly due to the continuous expansion of the individual consumer leasing business while the decrease in segment's performance was mainly due to there was a recovery of receivables previously written off of approximately HK\$36,226,000 in last year.

Supply Chain Management and Financial Technology Business Segment

During the year, revenue from the supply chain management and financial technology business segment was approximately HK\$26,845,000 (2022: HK\$275,880,000). The supply chain management and financial technology business segment recorded a profit of approximately HK\$4,202,000 (2022: HK\$2,795,000). The supply chain management and financial technology business segment refers to a business model based on real trade, relying on logistics and centering around the capital flow control. Such business model enables a win-win situation for various participating entities, which include steel enterprises, banks and logistics companies, through the design and management of financial products. In 2023, the supply chain management and financial technology segment has fully shifted to and focused on the electronic multi-tier transfer of creditor's rights certificates (the “**Shougang Credit Certificate**”) and related businesses for the steel industry chain. Based on the business application scenarios of core enterprises, this business provides negotiable, apportionable and financeable electronic creditor's rights certificate to core enterprises. In November 2022, the Shougang Credit Certificate was officially online and put into operation. It is an electronic certificate created by the Group under Shougang SCF Platform that utilise blockchain technology to create immutable and traceable digital representation of suppliers' account receivable due from anchor enterprises that suppliers can use for payment and financing purposes, and to serve the upstream and downstream of the steel industry chain. The successful of business transformation led to a significant decrease in revenue but substantially improved segment gross profit and performance.

2023 is the opening year of the Group to build a supply chain financial services platform after its business reshaping. The Group regards the supply chain financial services business as its top development priority, in an effort to establish a new development pattern. During the year, the Group has issued Shougang Credit Certificate via the Shougang SCF Platform with an aggregate amount of approximately RMB12.48 billion; an aggregate amount of approximately RMB10.07 billion of financing enabled by using Shougang Credit Certificate; there are approximately 2,378 suppliers and 2 financial institutions registered in Shougang SCF Platform. Operational data and performance match with the management's expectations. The Group will further sort out procurement needs in the supply chain, analyse the settlement habit and settlement cycles of each category and supplier, so as to formulate diversified Shougang Credit Certificate products and pricing strategies to cover more application scenarios in the supply chain and gain more recognition. In addition to the existing Shougang Credit Certificate, the Group will continue to develop different products to diversify its product offerings. By doing so, the

Group helps to resolve the problems faced by small-to-medium sized suppliers in business scenarios with diversified product offerings, such as financing difficulties, high financing costs, high risk control costs, credit period mismatch and inventory backlog.

In addition, the Group will focus on the supply chain management and financial technology business in the future, and continue to improve the intelligent construction level of the Shougang SCF Platform. Based on the actual businesses of supply chain finance, the Group will make use of the advantages of high-techs, innovate the design and create synergies for its other businesses.

Property Leasing Services Segment

During the year, revenue from the property leasing services segment slightly decreased to approximately HK\$4,419,000 (2022: HK\$4,458,000), and the segment recorded a HK\$773,000 (2022: HK\$1,783,000). The revenue from the property leasing services segment remains stable. The decrease in profit recorded in segment results was mainly attributable to the decrease in fair value of investment properties of the property leasing services segment during the year of approximately HK\$3,192,000, which was more than last year (2022: decrease in fair value of investment properties of approximately HK\$2,471,000).

Assets Management and Consultancy Services Segment

During the year, revenue and the segment result from the assets management and consultancy services segment was Nil (2022: revenue was Nil and a segment loss of approximately HK\$1,241,000). The assets management and consultancy services segment was discontinued in last year.

In terms of risk management, the Company implements a prudent risk management and control strategy, builds a sound and reliable risk control system, and establishes a risk control decision support system with the help of information technology, optimises and improves the efficiency of risk control decision-making, effectively helps the Group's business develop steadily, enhances the Group's long-term investment value, and lays the foundation for the Group's sustainable development.

Looking ahead into 2024, under the policy environment and market environment of promoting financial innovation, the Group will grasp opportunities brought by the policies in relation to China's innovation of modern supply chain area and the upgrading strategies of industries in which target core enterprises operate to provide innovative financial products and service portfolios to those target core enterprises and their upstream and downstream customer groups, so as to serve the real economy. Through our supply chain financing platform, we will provide accessible financing to our small-to-medium sized enterprises customers to lower financing costs and enhance the stability of supply chains, which will bring low cost funds and equity capital to our customers and optimise their capital structure, help the Group to achieve sustainable growth in its business scale and create greater business value for our customers, shareholders and society.

Liquidity, Financial Resources and Financing Activities

The Group aimed to maintain stable funding sources and financing is arranged to balance between business requirements and cash flows. The financial leverage of the Group as at 31 December 2023 as compared to 31 December 2022 is summarised below:

	31 December 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total borrowings		
Current borrowings	—	44,282
Non-current borrowings	9,810	—
Sub-total	9,810	44,282
Total cash		
Cash and cash equivalents	319,054	322,904
Total equity	1,756,500	1,755,376
Total assets	1,914,701	2,006,231
Financial Leverage		
Current ratio	1,081%	615%

As at 31 December 2023, the Group had cash and cash equivalents of approximately HK\$319,054,000 (31 December 2022: HK\$322,904,000), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The decrease was mainly attributable to the repayment of loan from a related party of approximately HK\$30,479,000.

As at 31 December 2023, the Group's borrowings amounted to approximately HK\$9,810,000 (2022: HK\$44,282,000) and none of which (2022: HK\$44,282,000) was repayable within twelve months from 31 December 2023 and of which approximately HK\$9,810,000 were repayable after twelve months from 31 December 2023 (2022: Nil). During the year, the Group obtained new loan from a related party of approximately HK\$9,810,000 and has no new bank borrowings (2022: new loan from a related party of approximately HK\$29,724,000 and new bank borrowings of approximately of HK\$70,000,000) for the financial leasing business and working capital of the Group. All borrowings bore interest at market rates.

The gearing ratio, as calculated on the basis of total interest-bearing borrowings over total equity, dropped to 0.6% (2022: 3%) as at 31 December 2023.

Capital Structure

The capital and reserves attributable to owners of the Company amounted to approximately HK\$1,415,922,000 as at 31 December 2023 (31 December 2022: HK\$1,417,068,000). The decrease was mainly due to the exchange differences arising on translation of approximately HK\$19,664,000 in total during the year. The Company did not issue any new shares during the year. As at 31 December 2023, the issued share capital of the Company was approximately HK\$39,846,000 (represented by approximately 3,984,640,000 issued ordinary shares).

Material Acquisition, Disposals and Significant Investments

During the year, the Group had no material acquisitions, disposals and significant investment.

Charge on Assets

As at 31 December 2023, the Group had no charge on its assets.

Foreign Exchange Exposure

The normal operations and investments of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign exchange exposures. As at 31 December 2023, the Group had no significant foreign exchange exposure.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2023.

Employees

As at 31 December 2023, the Group employed 59 (31 December 2022: 50) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and work experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund and discretionary bonus are also available to employees of the Group. Remuneration packages are reviewed either annually or through special increment. As disclosed in the Company's annual report for the financial year ended 31 December 2023, the five highest paid employees of the Group during the year ended 31 December 2023 included two Directors (2022: three Directors). The remuneration for the year of the remaining three (2022: two) highest paid employees who are neither a Director nor chief executive of the Company consist of HK\$3,605,000 (2022: HK\$6,069,000) on wages, salaries and other benefits and HK\$389,000 (2022: HK\$30,000) on retirement benefit schemes contributions.

During the year ended 31 December 2023, the Company and its subsidiaries have not paid or committed to pay to any individual any amount as an inducement to join or upon joining the Company and/or its subsidiaries.

FOR THE YEAR ENDED 31 DECEMBER 2024

Financial Key Performance Indicators

The financial key performance indicators are analysed as below:

	2024 HK\$'000	2023 HK\$'000	+/(⁻) Change
Financial performance			
Revenue	191,635	219,285	-13%
Gross profit margin (%)	62%	55%	7%
Profit for the year	37,648	42,434	-11%
Profit attributable to owners of the Company	28,684	32,082	-11%
Key financial indicators			
Total cash	282,810	319,054	-11%
Total assets	1,868,022	1,914,701	-2%
Total liabilities	136,978	158,201	-13%
Loan from a related party	16,274	9,810	66%
Capital and reserves attributable to owners of the Company	1,394,912	1,415,922	-2%
Current ratio	1,079%	1,081%	-2%
Basic earnings per share (HK cent)	0.72	0.81	-11%

Financial Overview

The Group recorded profit attributable to owners of the Company of approximately HK\$28,684,000 for the year ended 31 December 2024, as compared with profit attributable to owners of the Company of approximately HK\$32,082,000 for the year ended 31 December 2023, which was mainly due to a decrease in profit from the property leasing services segment. Revenue of the Group for the year ended 31 December 2024 was approximately HK\$191,635,000, which represented a decrease of approximately 13% when compared with that of approximately HK\$219,285,000 for the year 2023. The decrease was mainly attributable to a decrease in revenue under the sales and leaseback arrangements segment. The Group recorded a gross profit of approximately HK\$118,854,000 for the year ended 31 December 2024, representing a decrease of approximately 1% when compared with the gross profit of approximately HK\$120,355,000 for the year 2023. The Group recorded a gross profit margin of approximately 62% for the year ended 31 December 2024, representing an increase when

compared with the gross profit margin of approximately 55% for the year 2023. Basic earnings per share of the Group for the year ended 31 December 2024 was HK0.72 cent (2023: basic earnings per share was HK0.81 cent).

Revenue for the year ended 31 December 2024 was approximately HK\$191,635,000, representing a decrease of approximately 13% when compared with that of approximately HK\$219,285,000 for the year 2023. The decrease was mainly attributable to the change in business direction and dedicated more resources from individual customers to corporate customers under sales and leaseback arrangements segment.

The Group recorded a gross profit of approximately HK\$118,854,000 for the year ended 31 December 2024, representing a decrease of 1%, when compared with the gross profit of approximately HK\$120,355,000 for the year 2023. The Group recorded a gross profit margin of approximately 62% for the year ended 31 December 2024, representing an increase when compared with the gross profit margin of approximately 55% for the year 2023, which was mainly attributable to significant effort has taken place on the cost control under sales and leaseback arrangements segment.

Other income for the year ended 31 December 2024 amounted to approximately HK\$20,535,000 (2023: HK\$18,580,000), representing a significant increase of approximately 11%. The increase was mainly due to the increase in deposit service interest income and financial technical service income from related parties.

Administrative expenses for the year ended 31 December 2024 amounted to approximately HK\$55,593,000 (2023: HK\$61,235,000), representing a decrease of approximately 9%. The decrease was mainly due to the decrease in research and development cost, and legal and professional expenses.

For the year ended 31 December 2024, share of profit of associates amounted to approximately HK\$4,712,000 (2023: HK\$2,055,000), as our associates continued to make contributions to the Group's profit.

Business review and outlook

The Group continued to push ahead the development philosophy of supply chain management and financial technology business, financial leasing and commercial factoring as core businesses, endeavoured to become a supply chain financial technology and service platform characterised by integrating industry and finance, and gave full play to the important role of financial services in empowering real economy. Taking advantage of our industrial advantages and competitive edges, we focus on the provision of customised and comprehensive financial service solutions to the steel industry and upstream and downstream customers on the industry chain for different business scenarios including the individual consumer leasing market, and strive to meet our medium and long-term strategic goal of continuous growth in performance.

Sale and Leaseback Arrangements Services Segment

An indirectly owned subsidiary of the Company, South China International Leasing Co., Ltd. (“**South China Leasing**”), principally engages in the provision of financial leasing in the PRC. The principal mode of finance lease offered by South China Leasing mainly include direct leasing and sale and leaseback arrangements. The major source of fund for this business is loans from banks and internal resources of the Group.

Direct leasing: Under this arrangement, the lessee designates the supplier of the selected equipment. Then the lessee, the equipment supplier, and South China Leasing sign a tripartite leasing contract pursuant to which South China Leasing will pay the equipment supplier for the equipment after acceptance of the equipment by the lessee and the lessee will pay South China Leasing rent for the use of the equipment based on the agreed terms.

Sale and leaseback: Under this arrangement, the lessee sells the subject equipment to South China Leasing and signs an equipment sale and purchase contract with South China Leasing. Then South China Leasing signs a sale-and-leaseback contract with the lessee. South China Leasing will pay the lessee for the equipment and the lessee will pay South China Leasing rent for using the equipment based on the agreed terms.

South China Leasing focuses on steel companies and domestic conglomerates as well as their upstream and downstream customers as its core customer groups as it would enable the Group to earn a stable revenue stream with a considerably lower risk exposure. Most customers of South China Leasing in the PRC are obtained through (a) referrals from business partners of existing customers, banks or peers and (b) marketing and sales effort from South China Leasing.

As at 31 December 2024, approximately 43% (2023: 26%) of the total receivables under the sale and leaseback arrangements was due from the Group’s largest sale and leaseback customer which is a related party of the Group. As at 31 December 2024, approximately 62% (2023: 28%) of the total receivables under the sale and leaseback arrangements was due from the Group’s three (2023: three) largest sale and leaseback corporate customers, of which two such customers are related parties of the Group. Such related customers accounted for approximately 43% of the total receivables under sale and leaseback arrangements, and the remaining customer accounted for approximately 19% of the total receivables under the sale and leaseback arrangements.

As at 31 December 2024, the Group had outstanding 84,850 finance lease transactions of which 84,841 finance lease transactions were with independent individual customers, with principal amounts of approximately RMB6,300 in average. The Group’s finance lease customers are spread across industries such as manufacturing industries and individual mobile phone rental customers.

During the year, revenue from the sale and leaseback arrangements services segment decreased by approximately 16% to approximately HK\$157,495,000 (2023: HK\$188,021,000), and the segment recorded a profit of approximately HK\$59,044,000 (2023: HK\$48,961,000). The decrease in revenue from the sales and leaseback

arrangements segment was mainly due to change in business direction and dedicated more resources from individual customers to corporate customers while the increase in segment's performance was mainly due to significant effort has taken place on the cost control.

Supply Chain Management and Financial Technology Business Segment

During the year, revenue from the supply chain management and financial technology business segment was approximately HK\$29,976,000 (2023: HK\$26,845,000). The supply chain management and financial technology business segment recorded a profit of approximately HK\$8,266,000 (2023: HK\$4,202,000). The supply chain management and financial technology business segment refers to a business model based on real trade, relying on logistics and centering around the capital flow control. Such business model enables a win-win situation for various participating entities, which include steel enterprises, banks and logistics companies, through the design and management of financial products. The supply chain management and financial technology segment focused on the electronic multi-tier transfer of creditor's rights certificates (the **"Shougang Credit Certificate"**) and related businesses for the steel industry chain. Based on the business application scenarios of core enterprises, this business provides negotiable, apportionable and financeable electronic creditor's rights certificate to core enterprises. It is an electronic certificate created by the Group under a self-developed supply chain financial platform (the **"Shougang SCF Platform"**) that utilise blockchain technology to create immutable and traceable digital representation of suppliers' account receivable due from anchor enterprises that suppliers can use for payment and financing purposes, and to serve the upstream and downstream of the steel industry chain. The increase in revenue and segment's performance was mainly due to the continuous expansion of business.

During the year, the Group has issued Shougang Credit Certificate via the Shougang SCF Platform with an aggregate amount of approximately RMB14.52 billion and an aggregate amount of approximately RMB11.08 billion of financing enabled by using Shougang Credit Certificate. There are approximately 3,788 suppliers and 5 financial institutions registered in Shougang SCF Platform in aggregate. Operational data and performance match with the management's expectations. The Group will further sort out procurement needs in the supply chain, analyse the settlement habit and settlement cycles of each category and supplier, so as to formulate diversified Shougang Credit Certificate products and pricing strategies to cover more application scenarios in the supply chain and gain more recognition. In addition to the existing Shougang Credit Certificate, the Group will continue to develop different products to diversify its product offerings. By doing so, the Group helps to resolve the problems faced by small-to-medium sized suppliers in business scenarios with diversified product offerings, such as financing difficulties, high financing costs, high risk control costs, credit period mismatch and inventory backlog.

In addition, the Group will continue focus on the supply chain management and financial technology business in the future, and continue to improve the intelligent construction level of the Shougang SCF Platform. Based on the actual businesses of supply chain finance, the Group will make use of the advantages of high-techs, innovate the design and create synergies for its other businesses.

Property Leasing Services Segment

During the year, revenue from the property leasing services segment slightly decreased to approximately HK\$4,164,000 (2023: HK\$4,419,000), and the segment recorded a loss of approximately HK\$9,485,000 (2023: a profit of approximately HK\$773,000). The revenue from the property leasing services segment remains stable. The decrease in profit recorded in segment results was mainly attributable to the decrease in fair value of investment properties of the property leasing services segment during the year of approximately HK\$14,436,000, which was more than last year (2023: decrease in fair value of investment properties of approximately HK\$3,192,000).

In terms of risk management, the company implements a prudent risk management and control strategy, builds a sound and reliable risk control system, and establishes a risk control decision support system with the help of information technology, optimises and improves the efficiency of risk control decision-making, effectively helps the Group's business develop steadily, enhances the Group's long-term investment value, and lays the foundation for the Group's sustainable development.

Looking ahead into 2025, the global economy will remain sophisticated and everchanging. Uncertain political issues as well as possible implement of additional trade protection policy will bring not only challenges but also opportunities to the market. The Group always upholds a prudent philosophy of good governance, with emphasis on risk management, attends to maintain excellent assets quality and stability of financial resources, laying a solid foundation for the Group's long-term development.

In the policy and market environment of promoting financial innovation, the Group will, keeping focusing on high-quality development, seize new opportunities in the digital economy sector, explore new paths for transformation and development, and formulate long-term business development plans. We will be committed to extending services along the steel industry chain, striving to enhance the Company's market value and elevate economic benefits to new heights. While actively expanding innovative financial service models, we will leverage our cross-border advantages, utilising Hong Kong's superior geographical location and the convenient financing conditions of international financial markets. Through diversified financing tools and different market and currency cycles both at home and abroad, we aim to bring low cost funds and equity capital to our customers and enable the optimisation of their capital structure.

Also, in view of the national dual-carbon target and the policy guidelines of "Guiding Opinions on Further Strengthening Financial Support for Green and Low-Carbon Development" jointly issued by the People's Bank of China and the relevant regulatory authorities in the PRC, the Group will dedicate more resources to provide

finance lease services for different energy management and energy conservation and renovation (EMC) projects, which align to the latest environmental policies set out by the PRC and consistent with the Group's finance lease business development strategy.

It helps the Group to achieve sustainable growth in its business scale and create greater business value for our customers, shareholders and society.

Liquidity, Financial Resources and Financing Activities

The Group aims to maintain stable funding sources and financing is arranged to balance between business requirements and cash flows. The financial leverage of the Group as at 31 December 2024 as compared to 31 December 2023 is summarised below:

	31 December 2024 HK\$'000	31 December 2023 HK\$'000
Total borrowings		
Current borrowings	—	—
Non-current borrowings	16,274	9,810
Sub-total	16,274	9,810
Total cash		
Cash and cash equivalents	282,810	319,054
Total equity	1,731,044	1,756,500
Total assets	1,868,022	1,914,701
Financial leverage		
Current ratio	1,079%	1,081%

As at 31 December 2024, the Group had cash and cash equivalents of approximately HK\$282,810,000 (31 December 2023: HK\$319,054,000), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The decrease was mainly attributable to the increase in receivable under credit financing arrangement of approximately HK\$219,483,000.

As at 31 December 2024, the Group's borrowings amounted to approximately HK\$16,274,000 (2023: HK\$9,810,000) and none of which (2023: Nil) was repayable within twelve months from 31 December 2024 and of which approximately HK\$16,274,000 were repayable after twelve months from 31 December 2024 (2023: HK\$9,810,000). During the year, the Group obtained new loan from a related party of approximately HK\$6,674,000 and has no new bank borrowings (2023: new loan from a related party of approximately HK\$9,810,000) for the financial leasing business and working capital of the Group. All borrowings bore interest at market rates.

The gearing ratio, as calculated on the basis of total interest-bearing borrowings over total equity increased to 0.9% (2023: 0.6%) as at 31 December 2024.

Capital Structure

The capital and reserves attributable to owners of the Company amounted to approximately HK\$1,394,912,000 as at 31 December 2024 (31 December 2023: HK\$1,415,922,000). The decrease was mainly due to the exchange differences arising on translation of approximately HK\$27,829,000 in total during the year. The Company did not issue any new shares during the year. Pursuant to the general mandate(s) given to the Directors, the Company repurchased a total of 24,827,000 (2023: 4,971,000) ordinary shares of HK\$0.01 each of the Company on the Stock Exchange during the year, at an aggregate consideration of approximately HK\$3,555,000 (2023: HK\$744,000) (excluding trading fee). 26,937,000 (2023: Nil) of the repurchased shares were cancelled during the year. As at 31 December 2024, the issued share capital of the Company was approximately HK\$39,577,000 (represented by approximately 3,957,703,000 issued ordinary shares).

Material Acquisition, Disposals and Significant Investments

On 20 June 2024 (after trading hours), the South China Leasing (an indirect non-wholly owned subsidiary of the Company) entered into the factoring agreement with the Meizhou Hakka Bank Co., Ltd* (梅州客商銀行股份有限公司) (the “**Financing Bank**”), pursuant to which South China Leasing may apply to transfer the creditor’s rights and benefits of the lease payment to be received by South China Leasing from its customers in relation to its 3C products finance leasing services (the “**Account Receivables**”), with book value of no more than RMB200 million (equivalent to approximately HK\$215.4 million), to the Financing Bank, and the Financing Bank may receive such creditor’s rights and benefits of the Accounts Receivables and provide South China Leasing with non-revolving factoring funds of no more than RMB200 million (equivalent to approximately HK\$215.4 million). For details, please refer to the announcement of the Company and circular of the Company dated 20 June 2024 and 4 July 2024 respectively.

Save as disclosed above, the Group had no material acquisitions, disposals and significant investment during the year.

Charge on Assets

As at 31 December 2024, the Group had no charge on its assets.

Foreign Exchange Exposure

The normal operations and investments of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign exchange exposures. As at 31 December 2024, the Group had no significant foreign exchange exposure.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2024.

Employees

As at 31 December 2024, the Group employed 63 (31 December 2023: 59) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and work experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund and discretionary bonus are also available to employees of the Group. Remuneration packages are reviewed either annually or through special increment. As disclosed in the Company's annual report for the financial year ended 31 December 2024, the five highest paid employees of the Group during the year ended 31 December 2024 included two Directors (2023: two Directors). The remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a Director nor chief executive of the Company consist of HK\$2,671,000 (2023: HK\$3,605,000) on wages, salaries and other benefits and HK\$419,000 (2023: HK\$389,000) on retirement benefit schemes contributions.

During the year ended 31 December 2024, the Company and its subsidiaries have not paid or committed to pay to any individual any amount as an inducement to join or upon joining the Company and/or its subsidiaries.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company and its associated corporation

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director and the chief executives of the Company	Capacity/ Nature of interest	Number of Shares/ underlying Shares held (Note 1)	Approximate Percentage of the issued Shares (Note 2)
Tian Gang	Beneficial owner	1,685,000 (L)	0.04%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) The percentage is calculated based on 3,953,938,703 listed Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, which they are taken or deemed to have under such provisions of the SFO); or (b) which were

required to be entered in the register required to be kept pursuant to Section 352 of the SFO; or (c) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Furthermore, Mr. Fu Yao (an executive Director) is also a director of certain subsidiaries of Shougang and is therefore fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interests of Substantial Shareholders in Shares and Underlying Shares

As at the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company) who (a) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) had interest of 5% or more of the issued capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares/ underlying Shares held (Note 1)	Approximate Percentage of the issued shares (Note 2)
Shougang Group (Note 3)	Interests of controlled corporations	2,425,736,972	61.35%
Wheeling Holdings Limited ("Wheeling") (Note 3)	Beneficial owner	2,025,736,972	51.23%
Shougang Fund (Note 3)	Interests of controlled corporations	400,000,000	10.12%
Jingxi Holdings Limited ("Jingxi Holdings") (Note 3)	Beneficial owner	400,000,000	10.12%
Yip Wang Ngai (Note 4)	Interests of controlled corporations	213,600,000	5.40%
HY Holdings Limited ("HY Holdings") (Note 4)	Beneficial owner	213,600,000	5.40%
Chong Tin Lung Benny 莊天龍 (Note 5)	Interests of controlled corporations	254,413,000	6.43%
VMS Investment Group Limited ("VMS Investment") (Note 5)	Beneficial owner	254,413,000	6.43%

Notes:

- (1) The Letter “L” denotes the person’s long position in the Shares.
- (2) The percentage is calculated based on 3,953,938,703 listed Shares in issue as at the Latest Practicable Date.
- (3) Shougang Group indicated in its disclosure form dated 14 February 2025 (being the latest disclosure form filed up to 30 June 2025) that as at 14 February 2025, its interest in the Company was held by Wheeling and Shougang Fund respectively, wholly owned subsidiaries of Shougang Group. Wheeling has direct interest of the Company, and Shougang Fund’s interest in the Company was the Shares held by Jingxi Holdings, a wholly-owned subsidiary of Shougang Fund.
- (4) Mr. Yip Wang Ngai indicated in his disclosure form dated 1 August 2019 (being the latest disclosure form filed up to 30 June 2025) that as at 30 July 2019, his interest in the Company was held by HY Holdings which in turn was held as to 80% by Mr. Yip Wang Ngai.
- (5) Mr. Chong Tin Lung Benny indicated in his disclosure form dated 10 April 2025 (being the latest disclosure form filed up to 30 June 2025) that as at 10 April 2025, his interest in the Company was held by VMS Investment which in turn was held as to 100% by Mr. Chong Tin Lung Benny.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who (a) had an interest or short position in the shares and/or underlying shares of the Company who was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) had interest of 5% or more of the issued capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. MATERIAL LITIGATION

As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance to the Group, and no litigation, arbitration or claim of material importance to the Group was pending or threatened against any member of the Group.

4. DIRECTOR’S SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested, whether directly or indirectly, in any subsisting contract or arrangement which is significant in relation to the business of the Group and no Director was interested in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024 (being the date of which the latest published audited financial statements of the Group were made up).

6. DIRECTORS' COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

7. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any members of the Group within the two years immediately preceding the date of this circular and up to and including the Latest Practicable Date of this circular.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Rainbow Capital (HK) Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The letter and recommendation from the above expert is given as of the date of this circular for incorporation herein:

- (a) did not have any shareholding, direct or indirect, in any members of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up); and
- (c) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and its letter in the form and context in which they respectively appear.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM 10, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is at Suite 803, 8/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (c) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary of the Company is Mr. Leung Tze Wai ("**Mr. Leung**"). Mr. Leung holds a Bachelor Degree of Commerce (Accounting) from the University of Adelaide, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. Mr. Leung has over 10 years' experience in the auditing, accounting and financial sectors.
- (e) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are on display and will be published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <http://www.capital-ifs.com/> for a period of 14 days from the date of this circular:

- (a) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 51 to 52 of this circular;
- (b) the letter from Rainbow Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 53 to 109 of this circular;
- (c) the written consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (d) the Supplemental Master Services Agreement;
- (e) the Renewed Master Service Agreement; and
- (f) the Supplemental Master Facilities Agreement.



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)

NOTICE IS HEREBY GIVEN that a special general meeting of Capital Industrial Financial Services Group Limited (the “**Company**”) will be held at 11:00 a.m. on Friday, 26 September 2025 at 4/F, Building 5, Jinankehuan Plaza, Shougang Park Group, Shijingshan District, Beijing, PRC (the “**SGM**”) for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the supplemental master services agreement (the “**Supplemental Master Services Agreement**”) dated 25 July 2025 entered into between the Company and Shougang Group Co., Ltd. (首鋼集團有限公司) (“**Shougang**”), a copy of which is tabled at the SGM and marked “A” and initialed by the Chairman of the SGM for identification purpose, pursuant to which, the Company has conditionally agreed to revise the existing annual caps of the 2023 master services agreement dated 28 April 2023 (the “**2023 Master Service Agreement**”) from RMB6,000,000 to RMB15,000,000 be and is hereby approved, ratified and confirmed;
- (b) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Supplemental Master Services Agreement.”

2. “**THAT**

- (a) the renewed master services agreement (the “**Renewed Master Services Agreement**”) dated 25 July 2025 entered into between the Company and Shougang, a copy of which is tabled at the SGM and marked “B” and initialed by the Chairman of the SGM for identification purpose, pursuant to which, Shougang agreed to provide the deposit services (“**Deposit Services**”), information technology services (“**Information Technology Services**”),

* *For identification purposes only*

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property leasing services (“**Property Leasing Services**”), management and financial advisory services (“**Management and Financial Advisory Services**”), financial technical services (“**Financial Technical Services**”) and other financial services (“**Other Financial Services**”) to the Group by Shougang or by the Group to Shougang (as the case may be) for a term of three financial years commencing from 1 January 2026 and ending 31 December 2028 be and is hereby approved, ratified and confirmed;

- (b) the annual caps for each of the Deposit Services, Information Technology Services, Property Leasing Services, Management and Financial Advisory Services, Financial Technical Services and Other Financial Services to be provided under the Renewed Master Services Agreement as set out in the circular of the Company dated 3 September 2025 be and is hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Renewed Master Services Agreement.”

3. “**THAT**

- (a) the supplemental master facilities agreement (the “**Supplemental Master Facilities Agreement**”) dated 25 July 2025 entered into between the Company and Shougang in relation to the 2024 master facilities agreement dated 29 August 2024, a copy of which is tabled at the SGM and marked “C” and initialed by the Chairman of the SGM for identification purpose, pursuant to which, the Company has conditionally agreed to provide or procure its subsidiaries to revise the 2024 Facilities to Shougang Group in an aggregate principal amount of up to from RMB2,262,000,000 to RMB2,543,000,000 (equivalent to approximately HK\$2,734,000,000) be and is hereby approved, ratified and confirmed;
- (b) the annual caps of the 2024 Credit Finance Facilities to be revised from RMB600,000,000 to RMB1,800,000,000 (equivalent to HK\$1,935,000,000) under the Supplemental Master Facilities Agreement as set out in the circular of the Company dated 3 September 2025 be and is hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments

NOTICE OF SPECIAL GENERAL MEETING

and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Supplemental Master Facilities Agreement.”

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

Hong Kong, 3 September 2025

Registered office:
Victoria Place, 5/F
31 Victoria Street
Hamilton HM 10
Bermuda

Head office and Principal place of business in Hong Kong:
Suite 803, 8/F
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of any officer or attorney duly authorised.
2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of such power or authority, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the SGM, or any adjourned meeting thereof.
3. The register of members of the Company will be closed from Monday, 22 September 2025 to Friday, 26 September 2025, inclusive, during such period no transfer of shares of the Company will be registered. The record date for determining the entitlement of members of the Company to attend and vote at the SGM is fixed at the close of business on Friday, 26 September 2025. In order to qualify for the entitlement to attend and vote at the SGM, all documents for the transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 19 September 2025.
4. Completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the SGM or at any adjourned meeting thereof should they so wish, and in such event, the form of proxy shall be deemed to be revoked.

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5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the SGM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.