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 or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in **KangLi International Holdings Limited**, you should at once hand this circular, the form of proxy and the reply slip to the purchaser or transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

KANGLI INTERNATIONAL HOLDINGS LIMITED
康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06890)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION: RENEWAL OF FINANCIAL ASSISTANCE – THE LOAN AGREEMENT; AND (2) NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the connected transaction

Capitalised terms used in this cover shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 18 of this circular and the letter from the Independent Board Committee is set out on page 19 of this circular. A letter from Asian Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on IFA-1 to IFA-19 of this circular.

A notice convening the EGM to be held at 11:00 a.m. on Monday, 23 March 2026 at 18/F, Nine Queen's Road Central, Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular.

6 March 2026

CONTENTS

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

"2023 Drawdown Date"	the date of drawdown of the Loan pursuant to the 2023 Loan Agreement, i.e., 27 April 2023
"2023 Loan Agreement"	the loan agreement dated 28 February 2023 entered into between Jiangnan Precision, Jiangnan Tiehejin and Mr. Mei, pursuant to which Jiangnan Precision granted the Loan to Jiangnan Tihejin for a term of three years commencing from the 2023 Drawdown Date
"2023 Option Agreement"	the property acquisition option agreement dated 28 February 2023, entered into between Jiangnan Precision and Jiangnan Tiehejin, particulars of which are stated in the section headed "Property Acquisition Option – 2023 Option Agreement" in this circular
"2026 Option Agreement"	the property acquisition option agreement dated 27 February 2026, entered into between Jiangnan Precision and Jiangnan Tiehejin, particulars of which are stated in the section headed "Property Acquisition Option – 2026 Option Agreement" in this circular
"Articles"	the articles of association of the Company as amended from time to time
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Company"	KangLi International Holdings Limited (康利國際控股有限公司), a company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 6890)
"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
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be convened on 23 March 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Loan Agreement and the transactions contemplated thereunder

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a committee of the Board comprising all the independent non-executive Directors
"Independent Financial Adviser"	Asian Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Loan Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders who are not interested or involved in the Loan Agreement and the transactions contemplated thereunder
"Jiangnan Precision"	Jiangsu Jiangnan Precision Metal Material Co., Limited* (江蘇江南精密金屬材料有限公司), a limited liability company established under the laws of PRC and an indirect wholly owned subsidiary of the Company
"Jiangnan Tiehejin"	Jiangsu Jiangnan Tiehejin Co., Limited* (江蘇江南鐵合金有限公司), a limited liability company established under the laws of PRC, which was owned as to 90.0% by Mr. Mei, one of the Controlling Shareholders and an executive Director, 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei, and a connected person of the Company
"Land"	the land parcel situated at north of Dongfang Second Road, west of Dongshang Road, Lucheng Street, Changzhou Economic Development Zone, Changzhou City, Jiangsu Province, the PRC, details of which are set out in the section headed "Information of the Land and the Property" in this circular
"Latest Practicable Date"	2 March 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Loan"	a loan in the principal sum of RMB20,000,000 granted by Jiangnan Precision to Jiangnan Tiehejin pursuant to the 2023 Loan Agreement
"Loan Agreement"	the renewed loan agreement dated 27 February 2026 entered into between Jiangnan Precision, Jiangnan Tiehejin and Mr. Mei, particulars of which are stated in the section headed "The Loan Agreement" in this circular
"Mr. Mei"	Mr. Mei Zefeng (梅澤鋒先生), one of the Controlling Shareholders and an executive Director, spouse of Ms. Liu Ping, an executive Director, cousin-in-law of Mr. Xu Chao, an executive Director
"New Office Building"	a new building being constructed on the Land, details of which are set out in the section headed "Information of the Land and the Property" in this circular
"percentage ratio(s)"	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
"PRC"	the People's Republic of China
"Property"	two storeys of the New Office Building in a total of approximately 3,200 sq.m.
"Property Acquisition Option"	the right to exercise an option to acquire the Property, details of which are set out in the sections headed "The Loan Agreement" and "Property Acquisition Option" in this circular
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the shares of the Company
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"%"	per cent

* *For identification purpose only.*

KANGLI INTERNATIONAL HOLDINGS LIMITED
康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06890)

Executive Directors
Mr. Mei Zefeng
Ms. Liu Ping
Mr. Zhang Zhihong
Mr. Xu Chao
Ms. Lu Xiaoyu

Independent non-executive Directors
Mr. Yang Guang
Mr. Lau Ying Kit
Mr. Cao Cheng

Headquarters in the PRC
Wuyi County, Heng Shanqiao Town
Wujin District, Changzhou City
Jiangsu Province, the PRC

Principal place of business in Hong Kong
18th Floor
Nine Queen's Road Central
Central
Hong Kong

6 March 2026

To the Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION: RENEWAL OF FINANCIAL ASSISTANCE – THE LOAN AGREEMENT; AND (2) NOTICE OF EGM

INTRODUCTION

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the EGM which include, among other matters, the approval of the Loan Agreement and the transactions contemplated thereunder; to give you notice of the EGM; and other information as required under the Listing Rules.

DISCLOSEABLE AND CONNECTED TRANSACTION

RENEWAL OF FINANCIAL ASSISTANCE

On 28 February 2023, the 2023 Loan Agreement was entered into amongst Jiangnan Precision, as lender, Jiangnan Tiehejin, as borrower, and Mr. Mei, as guarantor. Pursuant to the 2023 Loan Agreement, Jiangnan Precision has agreed to grant the Loan in the principal amount of RMB20,000,000 to Jiangnan Tiehejin for a term of 3 years commencing from the 2023 Drawdown Date. Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder (i.e. conditions precedent (d)), will be fulfilled on 23 March 2026, the amount of interest income to be received under the 2023 Loan Agreement with an interest rate of 5.5% per annum for the period from the 2023 Drawdown Date up to 23 March 2026 is approximately RMB3.2 million.

Pursuant to the 2023 Loan Agreement, Jiangnan Precision and Jiangnan Tiehejin may enter into agreement with terms mutually agreed for the extension of the Loan, subject to compliance with laws and regulations (including the Listing Rules)*(Note 1)*.

On 27 February 2026, the Loan Agreement was entered into amongst Jiangnan Precision, as lender, Jiangnan Tiehejin, as borrower, and Mr. Mei, as guarantor. Pursuant to the Loan Agreement, Jiangnan Precision has agreed to renew the Loan in the principal amount of RMB20,000,000 to Jiangnan Tiehejin for a term of 3 years. The principal terms of the Loan Agreement are set out below:

THE LOAN AGREEMENT

Date of agreement	:	27 February 2026
Parties	:	(1) Jiangnan Precision, as lender
		(2) Jiangnan Tiehejin, as borrower
		(3) Mr. Mei, as guarantor
Principal	:	RMB20,000,000 *(Note 2)*
Interest rate	:	4.0% per annum, which is determined with reference to the Group's existing cost of borrowings in the range of approximately 2.4% to 3.1%.

Notes:

1. The Group has not historically recognised any impairment loss in relation to the Loan.

2. Pursuant to the Loan Agreement, Jiangnan Tiehejin undertook to repay the interests accrued to Jiangnan Precision pursuant to the 2023 Loan Agreement by 27 April 2026.

All interests accrued pursuant to the Loan Agreement shall be repayable by Jiangnan Tiehejin to Jiangnan Precision at the maturity of the Loan. If Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract"(《商品房預售合同》) for the acquisition of the Property, the interest calculation in respect of such principal amount shall be adjusted accordingly. If Jiangnan Precision chooses to exercise the Property Acquisition Option, all accrued but unpaid interest arising from the portion of the principal amount of the Loan applied to offset part of the purchase price for the acquisition of the Property pursuant to the Loan Agreement shall be settled in full and paid to Jiangnan Precision on the date of entering into the "commercial-housing pre-sale contract"(《商品房預售合同》).

The calculation and payment arrangements for the interest accrued on the Loan are as follows: (i) if Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract"(《商品房預售合同》) for the acquisition of the Property, and all outstanding principal amount of the Loan is applied to offset the purchase price for the acquisition of the Property, interest under the Loan Agreement shall accrue only up to the date of entering the "commercial-housing pre-sale contract"(《商品房預售合同》); (ii) if only part of the outstanding principal amount of the Loan is applied to offset the purchase price for the acquisition of the Property, interest on the portion of the principal amount so applied shall accrue only up to the date of entering the "commercial-housing pre-sale contract"(《商品房預售合同》), whereas interest on the remaining outstanding principal amount not so applied shall accrue up to the date on which the Loan is discharged; and (iii) if Jiangnan Precision does not exercise the Property Acquisition Option or Jiangnan Precision and Jiangnan Tiehejin do not ultimately enter into a "commercial-housing pre-sale contract"(《商品房預售合同》), Jiangnan Tiehejin shall, on the repayment date of the Loan, repay the outstanding principal amount of the Loan together with the interest accrued thereon under the Loan Agreement.

Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder, will be fulfilled on 23 March 2026, the repayment date of the Loan will be 22 March 2029. The total interest income to be received by Jiangnan Precision under the Loan Agreement is approximately RMB2.4 million (assuming the Property Acquisition Option is not exercised at all).

Conditions precedent : The renewal of the Loan is subject to, among others, the fulfilment of the following conditions precedent:

(a) all acknowledgements, approvals and consents having been obtained from internal or third parties for the transactions contemplated under the Loan Agreement;

(b) the 2026 Option Agreement having been entered into;

(c) if required, the approval from the Stock Exchange on the Loan Agreement and the transactions contemplated thereunder having been obtained and such approval not having been revoked or cancelled and there is no ruling that the Loan will constitute a very substantial acquisition, reverse takeover or extreme transaction;

(d) the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder; and

(e) the Loan Agreement and the transactions contemplated thereunder having complied with Listing Rules.

All conditions are non-waivable.

In the event that any of the above conditions is not fulfilled or waived at or prior to the long stop date of the Loan Agreement, being 5:00 p.m. on 27 March 2026 or such later date as mutually agreed by the parties, the Loan Agreement will terminate and Jiangnan Tiehejin shall repay the the principal amount of the Loan under the 2023 Loan Agreement and unpaid interests to Jiangnan Precision before 27 April 2026 and all obligations of Jiangnan Precision and Jiangnan Tiehejin under the Loan Agreement shall cease and determine and neither of them shall have any claim against the other in respect of any matter arising out of or in connection with the Loan Agreement except for any antecedent breach of any obligation and any liabilities under the Loan Agreement.

Repayment	:	The repayment date of the principal amount and all outstanding interests shall be three years from the fulfilment of all the conditions precedent. Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder (i.e. conditions precedent (d)), will be fulfilled on 23 March 2026, the term of the Loan Agreement will commence on 23 March 2026 and expire on 22 March 2029, and the repayment date of the Loan will be on or before 22 March 2029. Subject to compliance with laws and regulations (including the Listing Rules), Jiangnan Precision and Jiangnan Tiehejin may enter into agreement with terms mutually agreed for the extension of the Loan.
Security	:	The Loan will be secured by the personal guarantee provided by Mr. Mei, pursuant to which Mr. Mei agreed to guarantee to Jiangnan Precision the payment obligation of Jiangnan Tiehejin under the Loan Agreement, which includes but is not limited to the principal amount of the Loan, interest, damage compensation, and liquidated damages, and all costs (including litigation, legal fees and enforcement fees, etc.) attributed from Jiangnan Tiehejin's repayment obligation under the Loan Agreement. The guarantee period shall end when the repayment obligation of Jiangnan Tiehejin under the Loan Agreement is fulfilled.

Event of default	:	If Jiangnan Tiehejin defaults on the repayment of the Loan, Jiangnan Precision has the right to take remedial measures, including (a) requiring Jiangnan Tiehejin to rectify the breach; (b) requiring Jiangnan Tiehejin to bear the losses suffered by Jiangnan Precision; and (c) requiring Jiangnan Tiehejin to immediately repay the Loan and unpaid interests and all fees paid by and all losses incurred by Jiangnan Precision pursuant to the Loan Agreement. Other events of default pursuant to the Loan Agreement include: (i) Jiangnan Tiehejin fails to fully and punctually perform or comply with its obligations under the Loan Agreement; (ii) any representations, warranties and undertaking made or given by Jiangnan Tiehejin pursuant to the Loan Agreement are untrue or misleading in material respects; (iii) any provision of the Loan Agreement becomes invalid, unenforceable or Jiangnan Tiehejin's consent or approval to perform its obligations under the Loan Agreement is revoked or amended for whatever reason; or (iv) any debt of Jiangnan Tiehejin is declared due prior to the expiry of the term; or any guarantee or similar obligation of Jiangnan Tiehejin is not released after the expiry of the term.
Transferability	:	Jiangnan Tiehejin shall not assign or resell any of its obligations or rights under the Loan Agreement, while Jiangnan Precision shall be able to renew, resell and/or transfer all rights and obligations under the Loan Agreement to any of its subsidiaries or its parent company.

PROPERTY ACQUISITION OPTION

2023 Option Agreement

The 2023 Option Agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 28 February 2023, pursuant to which the Property Acquisition Option was granted to Jiangnan Precision, at nil consideration, to acquire the Property with reference to the final price under the "commercial–housing pre-sale contract", upon the fulfillment of all the conditions precedent therein.

It is in Jiangnan Precision's sole discretion whether to exercise the Property Acquisition Option under the 2023 Option Agreement. Jiangnan Precision has the right to select which two floors of the New Office Building to be acquired at its sole discretion. The maximum purchase price of the Property upon the exercise of the Property Acquisition Option is capped at RMB22,000,000. The option exercise price of RMB22,000,000 was determined with reference to, among other things, (i) the then prevailing market prices of properties of similar nature and grading available in the localities; and (ii) the then property market sentiment in Changzhou City, Jiangsu Province when the 2023 Option Agreement was entered into.

If Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract" for the acquisition of the Property, all interests accrued under the 2023 Loan Agreement will be waived, and the principal amount of the loan shall be used to offset part of the purchase price for the acquisition of the Property in case the final purchase price of the Property is higher than the principal amount of the Loan. In the case the final purchase price of the Property is lower than the principal amount of the Loan, any balance of the Loan will be repaid to Jiangnan Precision.

Jiangnan Precision shall (i) notify Jiangnan Tiehejin its decision within 10 working days after the "Housing Pre-sale License"(《房屋預售許可證》) is being issued, and (ii) continue with the property acquisition procedures. Within 20 working days after Jiangnan Precision formally notifies Jiangnan Tiehejin of the floors selection or such later date as mutually agreed by the parties, if Jiangnan Tiehejin has not formally entered into a "commercial-housing pre-sale contract" with Jiangnan Precision, the Property Acquisition Option shall lapse. In the event that the Company requires to obtain Shareholders' approval in relation to the acquisition of the Property in accordance with the Listing Rules upon exercise of the Property Acquisition Option, Jiangnan Tiehejin shall agree to postpone the date of signing of the "commercial-housing pre-sale contract" until such Shareholders' approval is obtained, and Jiangnan Precision shall not be deemed as waiving its rights under the Property Acquisition Option.

2026 Option Agreement

Pursuant to the Loan Agreement, one of the conditions precedent to the renewal of the Loan include Jiangnan Precision and Jiangnan Tiehejin having entered into the 2026 Option Agreement. The 2026 Option Agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 27 February 2026, pursuant to which the 2023 Option Agreement will be terminated and the Property Acquisition Option will be granted to Jiangnan Precision, at nil consideration, to acquire the Property with reference to the final price under the "commercial–housing pre-sale contract", subject to the fulfillment of all the conditions precedent therein.

The granting of the Property Acquisition Option is subject to, among others, the fulfilment of the following conditions precedent:

(a) all acknowledgements, approvals and consents having been obtained from internal or third parties for the transactions contemplated under the 2026 Option Agreement;

(b) the Loan Agreement having been entered into and the conditions precedent therein having been fulfilled;

(c) if required, the approval from the Stock Exchange on the Option Agreement and the transactions contemplated thereunder having been obtained and such approval not having been revoked or cancelled and there is no ruling that the Property Acquisition Option will constitute a very substantial acquisition, reverse takeover or extreme transaction;

(d) if required, the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the 2026 Option Agreement and the transactions contemplated thereunder; and

(e) the 2026 Option Agreement and the transactions contemplated thereunder having complied with Listing Rules.

All conditions are non-waivable.

Pursuant to the 2026 Option Agreement, Jiangnan Precision and Jiangnan Tiehejin have agreed, on an equal and voluntary basis, to terminate the 2023 Option Agreement with effect from the date on which all conditions precedent under the 2026 Option Agreement are fulfilled.

It is in Jiangnan Precision's sole discretion whether to exercise the Property Acquisition Option under the 2026 Option Agreement. Jiangnan Precision has the right to select which two floors of the New Office Building to be acquired at its sole discretion. The maximum purchase price of the Property upon the exercise of the Property Acquisition Option is capped at RMB22,000,000. The purchase price of each storey of the Property will not exceed RMB11,000,000. The option exercise price of RMB22,000,000 was determined with reference to, among other things, (i) the then prevailing market prices of properties of similar nature and grading available in the localities; and (ii) the then property market sentiment in Changzhou City, Jiangsu Province when the 2023 Option Agreement was entered into.

If Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract" for the acquisition of the Property, the calculation of the interest accrued under the Loan Agreement shall be adjusted in accordance with the terms of the Loan Agreement, and the principal amount of the loan shall be used to offset part of the purchase price for the acquisition of the Property in case the final purchase price of the Property is higher than the principal amount of the Loan. In the case the final purchase price of the Property is lower than the principal amount of the Loan, any balance of the Loan will be repaid to Jiangnan Precision.

Jiangnan Precision shall (i) notify Jiangnan Tiehejin its decision within 10 working days after the "Housing Pre-sale License"(《房屋預售許可證》) is being issued, and (ii) continue with the property acquisition procedures. Within 20 working days after Jiangnan Precision formally notifies Jiangnan Tiehejin of the floors selection or such later date as mutually agreed by the parties, if Jiangnan Tiehejin has not formally entered into a "commercial-housing pre-sale contract" with Jiangnan Precision, the Property Acquisition Option shall lapse. In the event that the Company requires to obtain Shareholders' approval in relation to the acquisition of the Property in accordance with the Listing Rules upon exercise of the Property Acquisition Option, Jiangnan Tiehejin shall agree to postpone the date of signing of the "commercial-housing pre-sale contract" until such Shareholders' approval is obtained, and Jiangnan Precision shall not be deemed as waiving its rights under the Property Acquisition Option.

The Property Acquisition Option has a validity of 3 years with effect from the date on which all conditions precedent under the 2026 Option Agreement are fulfilled.

FUNDING OF THE LOAN

The Group had financed the Loan with its general working capital.

INFORMATION ON THE CREDIT RISK TO THE LOAN

The interest rate of 4.0% per annum is determined with reference to, amongst others, the Group's existing cost of borrowings in the range of approximately 2.4% to 3.1% and the low credit risk of the Loan based on the satisfactory credit assessment on the financial strength of Jiangnan Tiehejin and Mr. Mei.

The renewal of the Loan was based on, amongst others, the personal guarantee by Mr. Mei, the credit assessments on the financial strength and repayment ability of Jiangnan Tiehejin. The Group has obtained unaudited financial statements including balance sheets for 2024 and 2025 of Jiangnan Tiehejin and personal financial information from Mr. Mei, including but not limited to bank statements and Mr. Mei's Shares held in the Company through Newrich Limited by virtue of interest in controlled corporation (i.e. 343,220,000 Shares). With regard to unaudited financial statements of Jiangnan Tiehejin, as Jiangnan Tiehejin is a private company incorporated in the PRC, its financial statements are not subject to annual audit requirements under the relevant PRC rules and regulations and therefore, audited financial statements are not available. As advised by Jiangnan Tiehejin, Jiangnan Tiehejin filed its tax return to the relevant PRC authorities based on such unaudited financial information. The Board has reviewed Jiangnan Tiehejin's tax filings for 2024 and 2025 and noted that the figures submitted to the PRC authorities are the same as those of the unaudited financial statements. The Board considers the use of unaudited financial statements for this purpose to be reasonable and adequate.

After taking into account all such factors, the Directors consider that the risks involved in the Loan are relatively low and manageable. The Directors are of the view that the guarantee provided by Mr. Mei can effectively safeguard the interests of the Company and the default risk of the Loan is relatively low.

INFORMATION OF THE PARTIES

The Company is a company incorporated in Cayman Islands with limited liability and is principally engaged in the manufacture and sales of hard steel coil, unpainted galvanised steel products and painted galvanised steel products. Jiangnan Precision, an indirect wholly-owned subsidiary of the Company, is a company established in the PRC and is principally engaged in steel processing.

Mr. Mei is one of the Controlling Shareholders and an executive Director, spouse of Ms. Liu Ping, an executive Director, cousin-in-law of Mr. Xu Chao, an executive Director.

Jiangnan Tiehejin is a company established in the PRC with limited liability and is principally engaged in the processing, production and sales of various types of ferroalloy, including ferrotitanium and ferroaluminium. It is owned as to approximately 90.0% by Mr. Mei and approximately 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei. The unaudited consolidated net current asset value and net asset value of Jiangnan Tiehejin as at 31 December 2024 and 2025, which was the basis of Jiangnan Tiehejin's tax filing, each amounted to over RMB1 billion.

Based on the above, Jiangnan Tiehejin is regarded as a connected person of the Company and the renewal of the Loan therefore constitute a connected transaction pursuant to Chapter 14A of the Listing Rules.

INFORMATION OF THE LAND AND THE PROPERTY

The Land is situated at north of Dongfang Second Road, west of Dongshang Road, Lucheng Street, Changzhou Economic Development Zone, Changzhou City, Jiangsu Province, the PRC. The Land has a site area of approximately 12,581 sq.m.

The New Office Building is being constructed on the Land with a total construction area of approximately 69,000 sq.m., of which the ground floor area and the underground area will be approximately 49,000 sq.m. and 20,000 sq.m., respectively. Based on the current planning, the New Office Building shall consist of a building and annex thereto, of which the building is for office use and the annex thereto is for ancillary and supporting activities. The office area of each storey of the building shall be approximately 1,600 sq.m. Due to the delay for obtaining the regulatory approval from the government authorities, the construction of the New Office Building was delayed and begun in August 2024, and is expected to complete in March 2027 according to the latest timetable provided by Jiangnan Tiehejin. According to Jiangnan Tiehejin, the total construction cost of the New Office Building is expected to be approximately RMB300,000,000.

The Property shall consist of two storeys of office units, each storey being approximately 1,600 sq.m.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE LOAN AGREEMENT

Renewing of the Loan to Jiangnan Tiehejin provides the Group with an opportunity to continue utilizing its cash resources on a more efficient basis and extend its source of revenue.

The Loan Agreement comes with the Property Acquisition Option, pursuant to which, the Group is granted the right to purchase the Property at the Group's sole discretion.

The current office of the Group situated at Wuyi County, Hengshanqiao Town Wujin District, Changzhou City, Jiangsu Province, the PRC is a leased property and it has steadily reached its maximum capacity with limited space for further increase of workstations. The Group is seeking to acquire new property for office use in support of the continued business growth of the Group with a self-owned property.

The Property has a total of approximately 3,200 sq.m. The Directors are of the view that the Property is a suitable target as the size of the Property shall be able to sufficiently increase the office capacity of the Group and be able to satisfy the Group's need for office space in short to medium term. The New Office Building is located at the core business district of Changzhou Economic Development Zone（常州經濟開發區核心商務區）, which is a key ongoing project of the Management Committee of the Economic Development Zone（經開區管委會）. Further, the Directors believe that the acquisition of the Property will also be able to provide capital appreciation potential to the Group in the long run. As the Economic Development Zone is currently in the development stage, the housing prices are relatively favourable as compared to other developed business districts in Changzhou City, Jiangsu Province.

The Directors consider that it is in the interest of the Group to consider the possible acquisition of the Property in the foreseeable future as office use in order to save future rental expenses. Further, in case that the Property is not to be fully utilized by the Group, the vacant spaces may be leased out on a short-term basis to generate rental income or to be sold out if there are suitable buyers or tenants.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Jiangnan Tiehejin is owned as to approximately 90.0% by Mr. Mei and approximately 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei. Mr. Mei is one of the Controlling Shareholders and an executive Director. As such, Jiangnan Tiehejin is regarded as a connected person of the Company and the grant of the Loan therefore constitute a connected transaction pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) is more than 5% but less than 25%, the transaction contemplated under the Loan Agreement constitute a discloseable (under Chapter 14 of the Listing Rules) and connected transaction (under Chapter 14A of the Listing Rules) of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules and the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The grant of the Property Acquisition Option under the 2026 Option Agreement would be treated as a transaction and classified by reference to the percentage ratios (as defined under the Listing Rules) pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. The exercise of the Property Acquisition Option is at the discretion of Jiangnan Precision. According to Rules 14.75(1) and 14A.79(2) of the Listing Rules, on the grant of the Property Acquisition Option, only the premium (which is nil) will be taken into consideration for calculating the relevant percentage ratios. The Company will comply with the relevant requirements under the Listing Rules upon the exercise and non-exercise of the Property Acquisition Option (as the case may be).

The Board (including the independent non-executive Directors) has approved the Property Acquisition Option, and confirmed that the terms of the 2026 Option Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the shareholders as a whole.

Since Mr. Mei has a material interest in the Loan Agreement, the 2026 Option Agreement and the transactions thereunder through Jiangnan Tiehejin, Mr. Mei and Ms. Liu Ping (spouse of Mr. Mei, one of the Controlling Shareholders and an executive Director) have abstained from voting on the Board resolution on the Loan Agreement, the 2026 Option Agreement and the transactions contemplated thereunder. As Mr. Xu Chao, an executive Director, is a cousin of Ms. Liu Ping and cousin-in-law of Mr. Mei, Mr. Xu Chao has or may be regarded as having a material interest in the Loan Agreement and the 2026 Option Agreement. Hence, Mr. Xu Chao has also abstained from voting in respect of such resolution considered in the meeting of the Board.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Loan Agreement and the transactions contemplated thereunder.

Asian Capital Limited has been appointed by the Company as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereunder.

EGM

The EGM will be convened at 11:00 a.m. on Monday, 23 March 2026 at 18/F, Nine Queen's Road Central, Central, Hong Kong, for the Shareholders to consider and, if thought fit, approve the renewal of Loan and the transactions contemplated thereunder. The Notice of EGM is set out on pages EGM-1 to EGM-2 of this circular.

All Shareholders who have a material interest in the Loan Agreement and the transaction contemplated thereunder will be required to abstain from voting on the relevant resolution at the EGM. As at the Latest Practicable Date, Mr. Mei and his close associates (including Ms. Liu Ping, an executive Director, one of the Controlling Shareholders and spouse of Mr. Mei) were interested in 428,720,000 Shares in aggregate, representing approximately 70.72% of the issued shares of the Company as at the Latest Practicable Date, therefore each of Mr. Mei and Ms. Liu Ping shall abstain and will procure their respective associates to abstain from voting on the relevant resolution at the EGM. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder had a material interest in the Loan Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting at the EGM for the relevant resolution.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The forms of proxy must be delivered 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 not less than 48 hours (i.e. 11:00 a.m. on Saturday, 21 March 2026) before the time for holding the EGM or any adjourned meeting thereof in order for such documents to be valid.

Completion and return of the forms of proxy will not preclude a Shareholder from attending and voting in person at the EGM or at any adjourned meeting thereof should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

Register of members of the Company will be closed from Wednesday, 18 March 2026 to Monday, 23 March 2026 (both days inclusive) for the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM. No transfer of Shares will be registered during those dates. In order to qualify for attending and voting at the EGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at the address mentioned above not later than 4:30 p.m. on Tuesday, 17 March 2026. The record date for the EGM is 23 March 2026.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 19 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages IFA-1 to IFA-19 of this circular in connection with the Loan Agreement and the transactions contemplated thereunder, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having considered the terms of the Loan Agreement and the advice of the Independent Financial Adviser, are of the opinion that the Loan Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and that the renewal of Loan is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Loan Agreement and the transactions contemplated thereunder.

The Directors (including independent non-executive Directors) are of the opinion that all the proposed resolution is in the interests of the Company and the Shareholders as a whole and so recommend you to vote in favour of the resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to (i) the letter from the Independent Board Committee set out on page 19 of this circular, containing its recommendation in respect of the Loan Agreement and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages IFA-1 to IFA-19 of this circular, containing its recommendation in respect of the Loan Agreement and the transactions contemplated thereunder.

The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the resolution approving the Loan Agreement and the transactions contemplated thereunder.

By order of the Board
KangLi International Holdings Limited
Liu Ping
Chairman

KANGLI INTERNATIONAL HOLDINGS LIMITED
康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06890)

6 March 2026

To the Independent Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION: RENEWAL OF FINANCIAL ASSISTANCE – THE LOAN AGREEMENT; AND (2) NOTICE OF EGM

We refer to the circular of the Company dated 6 March 2026 (the "**Circular**"), of which this letter forms part. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" in the Circular. Asian Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the "Letter from the Board" set out on pages 4 to 18 of the Circular, the "Letter from Independent Financial Adviser" set out on pages IFA-1 to IFA-19 of the Circular and the additional information set out in Appendix I to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the "Letter from the Independent Financial Adviser" in the Circular, we concur with the view of the Independent Financial Adviser and consider that the Loan Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and that the renewal of Loan is 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 resolution in relation to the Loan Agreement and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
Independent Board Committee

Mr. Yang Guang **Mr. Lau Ying Kit** **Mr. Cao Cheng**

Independent non-executive Directors

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this Circular.

ASIAN CAPITAL LIMITED
Suite 1405-09, Bank of America Tower
12 Harcourt Road
Central, Hong Kong

6 March 2026

To: the Independent Board Committee and the Independent Shareholders of
KangLi International Holdings Limited

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION RENEWAL OF FINANCIAL ASSISTANCE – THE LOAN AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the transaction contemplated under the Loan Agreement (the "**Transaction**"), particulars of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 6 March 2026 (the "**Circular**"), of which this letter forms part. Capitalized terms used herein shall have the same meanings as those defined in the Circular, unless the context otherwise requires.

References are made to (i) the announcement of the Company dated 28 February 2023 in relation to the 2023 Loan Agreement; (ii) the circular of the Company dated 23 March 2023; and (iii) the announcement of the Company dated 27 February 2026 in relation to the renewal of financial assistance – the Loan Agreement. On 28 February 2023, the 2023 Loan Agreement was entered into amongst Jiangnan Precision, an indirect wholly owned subsidiary of the Company, as lender, Jiangnan Tiehejin, as borrower, and Mr. Mei, as guarantor. Pursuant to the 2023 Loan Agreement, Jiangnan Precision has agreed to grant the Loan in the principal amount of RMB20,000,000 to Jiangnan Tiehejin for a term of three years at an interest rate of 5.5% per annum. Jiangnan Precision and Jiangnan Tiehejin may enter into an agreement to mutually agree on the terms for extending the Loan, subject to compliance with applicable laws and regulations, including the Listing Rules. On 27 February 2026 (after trading hours), the Lender and the Borrower entered into the Loan Agreement to renew the Loan in the principal amount of RMB20,000,000 to Jiangnan Tiehejin for a term of 3 years.

Pursuant to the Loan Agreement, one of the conditions precedents to the renewal of the Loan includes Jiangnan Precision and Jiangnan Tiehejin having entered into the 2026 Option Agreement. The 2026 Option Agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 27 February 2026, pursuant to which the 2023 Option Agreement will be terminated and the Property Acquisition Option will be granted to Jiangnan Precision, at nil consideration, to acquire the Property with reference to the final price under the "commercial–housing pre-sale contract", subject to the fulfilment of all the conditions precedent therein.

As at the Latest Practicable Date, Jiangnan Tiehejin is owned as to approximately 90.0% by Mr. Mei and approximately 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei. Mr. Mei is one of the Controlling Shareholders and an executive Director. As such, Jiangnan Tiehejin is regarded as a connected person of the Company and the renewal of the Loan therefore constitutes a connected transaction pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) is more than 5% but less than 25%, the Transaction constitutes a discloseable (under Chapter 14 of the Listing Rules) and connected transaction (under Chapter 14A of the Listing Rules) of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules and the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The grant of the Property Acquisition Option under the 2026 Option Agreement would be treated as a transaction and classified by reference to the percentage ratios (as defined under the Listing Rules) pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. The exercise of the Property Acquisition Option is at the discretion of Jiangnan Precision. According to Rules 14.75(1) and 14A.79(2) of the Listing Rules, on the grant of the Property Acquisition Option, only the premium (which is nil) will be taken into consideration for calculating the relevant percentage ratios. The Company will comply with the relevant requirements under the Listing Rules upon the exercise and non-exercise of the Property Acquisition Option (as the case may be).

The Independent Board Committee has been formed to consider and advise the Independent Shareholders as to whether the Transaction is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and are in the ordinary and usual course of business of the Group.

OUR INDEPENDENCE

During the past two years, there were no engagements between the Company and Asian Capital Limited. As at the Latest Practicable Date, there have been no relationships or interests existing between (i) Asian Capital Limited and (ii) the Group, Jiangnan Precision, Jiangnan Tiehejin or any of their respective subsidiaries or associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser in respect of the Transaction.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have considered, among other things, (i) the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"); (ii) the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**"); (iii) the Loan Agreement; (iv) the 2026 Option Agreement; and (v) other information as set out in the Circular.

We have also relied on (i) our discussions with the management of the Company (the "**Management**"); (ii) our research on market data; and (iii) statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Management. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us are true and accurate at the time they were made and continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects.

We consider that we have been provided with, and we have reviewed all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Transaction to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Management nor have we conducted any independent investigation into the business, financial conditions and affairs or future prospect of the Group or any of the other parties involved in the Transaction. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Transaction, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholder, we have taken into account the following principal factors and reasons:

1. Background

1.1 Information on the Group

The Company is a company incorporated in Cayman Islands with limited liability and is principally engaged in the production and sales of hard steel coil, unpainted galvanized steel products and painted galvanised steel products. Jiangnan Precision, an indirect wholly owned subsidiary of the Company, is a company established in the PRC and is principally engaged in steel processing.

1.2 Financial information of the Group

Set out below is a summary of (i) the audited consolidated financial information of the Group for the years ended 31 December 2023 ("**FY2023**") and 2024 ("**FY2024**"), which has been extracted from the 2024 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 June 2024 ("**1H2024**") and 2025 ("**1H2025**"), which has been extracted from the 2025 Interim Report.

Extract of consolidated statement of profit or loss

	For the year ended 31 December		**For the six months ended 30 June**	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	1,928,400	1,944,411	1,002,304	731,393
Gross profit	180,293	213,725	120,369	58,459
Profit/(loss) for the year/period	77,446	92,703	62,228	10,373

Extract of consolidated statement of financial position

	As at 31 December		As at 30 June
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(unaudited)
Total assets	1,778,369	1,697,152	1,719,812
– Cash at bank and on hand	168,990	239,102	177,165
– Trade and bills receivables	549,539	469,839	494,409
Total liabilities	996,085	822,093	834,736
– Trade and bills payables	376,026	357,820	307,507
– Bank loans (current liabilities)	441,328	276,500	399,245
Net assets	782,284	875,059	885,076
Current ratio	1.6	1.9	1.8
Gearing ratio	0.6	0.4	0.5

Notes:

1. Current ratio is calculated as current assets over current liabilities of the Group

2. Gearing ratio is calculated as total bank and other loans over total equity of the Group

FY2023 vs FY2024

The Group recorded revenue of approximately RMB1,944.4 million in FY2024, representing an increase of approximately 0.8% from approximately RMB1,928.4 million in FY2023 mainly due to a slight increase of approximately 2.5% in overall sales volume. The Group recorded gross profit of approximately RMB213.7 million in FY2024, representing an increase of approximately 18.5% from approximately RMB180.3 million in FY2023 mainly due to the smaller extent of drop in average selling price of the steel products than that in the average unit cost of raw materials resulted an increase in the gross profit ratios. As a result of the above, the Group recorded an increase in net profit of approximately 19.7% to approximately RMB92.7 million in FY2024 from approximately RMB77.4 million in FY2023.

As at 31 December 2023 and 2024, the Group's total assets mainly consisted of (i) property, plant and equipment; (ii) trade and bills receivables; (iii) inventories; (iv) cash at bank and on hand; and (v) prepayments, deposits and other receivables. The Group's total assets remained stable at approximately RMB1,778.4 million and approximately RMB1,697.2 million as at 31 December 2023 and 2024 respectively. The Group's cash at bank and on hand was approximately RMB239.1 million as at 31 December 2024, representing an increase of approximately 41.5% from approximately RMB169.0 million as at 31 December 2023 mainly due to the net cash inflow from operating activities, which was partially offset by the net cash used in investing activities and financing activities. The Group's trade and bills receivables were approximately RMB469.8 million as at 31 December 2024, representing a decrease of approximately 14.5% from approximately RMB549.5 million as at 31 December 2023.

As at 31 December 2023 and 2024, the Group's total liabilities mainly consisted of (i) trade and bills payables; and (ii) short-term bank loans. The total liabilities of the Group decreased by approximately 17.5% to approximately RMB822.1 million as at 31 December 2024 from approximately RMB996.1 million as at 31 December 2023 mainly due to the decrease in short-term bank loans from approximately RMB441.3 million as at 31 December 2023 to approximately RMB276.5 million as at 31 December 2024. As a result of the above, the Group's net assets improved by approximately 11.9% from approximately RMB782.3 million as at 31 December 2023 to approximately RMB875.1 million as at 31 December 2024.

The current ratio of the Group improved from approximately 1.6 times as at 31 December 2023 to approximately 1.9 times as at 31 December 2024. The gearing ratio of the Group decreased from approximately 0.6 as at 31 December 2023 to approximately 0.4 as at 31 December 2024.

1H2024 vs 1H2025

The Group recorded revenue of approximately RMB731.4 million in 1H2025, representing a decrease of approximately 27.0% from approximately RMB1,002.3 million in 1H2024 mainly due to the decrease in selling price of various products and the reduction in demand. The Group recorded gross profit of approximately RMB58.5 million in 1H2025, representing a decrease of approximately 51.4% from approximately RMB120.4 million in 1H2024 primarily due to the (i) decrease in overall revenue as discussed above; and (ii) deterioration of gross profit margin from approximately 12.0% in 1H2024 to 8.0% in 1H2025. As a result of the above, the Group recorded a decrease in net profit of approximately 83.0% to approximately RMB10.6 million in 1H2025 from approximately RMB62.1 million in 1H2024.

FY2024 vs 1H2025

The major components of the Group's total assets were substantially the same as at 31 December 2024 and 30 June 2025. The total assets of the Group remained stable at approximately RMB1,697.2 million and approximately RMB1,719.8 million as at 31 December 2024 and 30 June 2025 respectively. The Group's cash at bank and on hand was approximately RMB177.2 million as at 30 June 2025, representing a decrease of approximately 25.9% from approximately RMB239.1 million as at 31 December 2024 mainly due to the net cash used in operating activities. The Group's trade and bills receivables were approximately RMB494.4 million as at 30 June 2025, representing an increase of approximately 5.2% from approximately RMB469.8 million as at 31 December 2024. The major components of the Group's total liabilities were substantially the same as at 31 December 2024 and 30 June 2025 where they remained stable at approximately RMB822.1 million and RMB834.7 million as at 31 December 2024 and 30 June 2025 respectively. The Group's net assets also remained stable at approximately RMB875.1 million and RMB885.1 million as at 31 December 2024 and 30 June 2025 respectively.

The current ratio of the Group decreased slightly from approximately 1.9 times as at 31 December 2024 to approximately 1.8 times as at 30 June 2025. The gearing ratio of the Group increased from approximately 0.4 as at 31 December 2024 to approximately 0.5 as at 30 June 2025.

1.3 Outlook of the Group

As stated in the 2024 Annual Report, the economy will be innovation-driven, green-led and domestic-demand focused following China's final 14th Five-Year Plan. white goods shift from scale expansion to value restructuring, with appliances trending intelligent, healthy and low-carbon. Despite real-estate curbs and trade barriers, dual-carbon policy will lift Grade-1 efficiency demand, post-00s will seek personalised smart-home solutions, and ageing will spur friendly appliances. The Group will defend core operations, capture share and lift profitability. Philippines property management business grew as compared to 2023 but missed targets; a phased exit is under review (geopolitics, business environment, culture); its tiny revenue share means no material Group impact.

Meanwhile as reported in the 2025 Interim Report, the Group faced declining selling prices and demand, exacerbated by US tariffs on Chinese home appliances that severely reduced exports, intensified domestic competition, and squeezed margins despite proactive strategic adjustments in 1H2025. The outlook for the second half of 2025 has improved with extended consumer trade-in subsidy policies now covering 12 categories, including microwaves and rice cookers, to revive market demand. The Group will prioritize market expansion, product quality enhancement, and tighter production cost controls to boost performance. The Philippines property management business was terminated in March 2025 due to geopolitics, operating environment, and cultural differences, with its negligible revenue contribution causing no material impact on overall Group operations.

1.4 Information of Jiangnan Tiehejin

Jiangnan Tiehejin is a company established in the PRC with limited liability and is principally engaged in the processing, production and sales of various types of ferroalloy, including ferrotitanium and ferroaluminium. It is owned as to approximately 90.0% by Mr. Mei and approximately 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei. The unaudited consolidated net current asset value and net asset value of Jiangnan Tiehejin as at 31 December 2024 and 2025, which was the basis of Jiangnan Tiehejin's tax filing, each amounted to over RMB1 billion.

2. The Group's rationale for entering into the Loan Agreement and the Option Agreement

According to the 2024 Annual Report and 2025 Interim Report, the Group had (i) cash at bank and on hand of approximately RMB239.1 million and RMB177.2 million; (ii) trade and bills receivables of approximately RMB469.8 million and RMB494.4 million; (iii) net assets of approximately RMB875.1 million and RMB885.1 million; (iv) current assets of approximately RMB1,341.0 million and RMB1,370.2 million (accounting for over 75% of the Group's total assets); and (v) current ratio of 1.9 times and 1.8 times as at 31 December 2024 and 30 June 2025 respectively. We consider that the Group's financial resources on hand are sufficient to cover its current borrowings. We have discussed with the Management and noted that the Group is in a healthy financial position where there is more than sufficient working capital to run the Group's operations. As such, the renewal of the Loan, which is not material to the overall financial position of the Group, will not impose material impact on the working capital nor daily operations of the Group. The Management considers that the renewal of the Loan enables the Group to optimise the return on its assets as it enables the Group to generate interest income.

Under the Loan Agreement, one of the conditions precedent to the renewal of the Loan includes Jiangnan Precision and Jiangnan Tiehejin having entered into the 2026 Option Agreement, pursuant to which the 2023 Option Agreement will be terminated and the Property Acquisition Option will be granted to Jiangnan Precision, at nil consideration, to acquire the Property with reference to the final price under the "commercial–housing pre-sale contract" and such Property Acquisition Option is exercisable at the sole discretion of the Group. Under the 2026 Option Agreement, the Group has the right to select which two floors of the New Office Building to be acquired at its sole discretion. The maximum purchase price of the Property upon the exercise of the Property Acquisition Option is capped at RMB22,000,000. The purchase price of each storey of the Property will not exceed RMB11,000,000. The option exercise price of RMB22,000,000 was determined with reference to, among other things, (i) the then market prices of properties of similar nature and grading available in the localities; and (ii) the then property market sentiment in Changzhou City, Jiangsu Province when the 2023 Option Agreement was entered into. Further details of the Property Acquisition Option and the 2026 Option Agreement are set out in the "Letter from the Board" of the Circular.

The Property consists of two storeys of office units, each storey being approximately 1,600 sq.m. As advised by the Management, the current office of the Group situated at Wuyi County, Hengshanqiao Town, Wujin District, Changzhou City, Jiangsu Province, the PRC is a leased property. It occupies an area of approximately 800 sq.m. and has steadily reached its maximum capacity with limited space for further increase of workstations. The Group is seeking to acquire new property for office use in support of the continued business growth of the Group with a self-owned property.

We concur with the Management's view that the possible acquisition of the Property in the foreseeable future can save on rental expenses and provides flexibility for long term planning. To the extent that the Property is not immediately fully utilised by the Group for own-use, the vacant spaces may be leased out on a short-term basis to generate rental income or be sold. There is also potential for capital appreciation in the long run. Further details of the Property are set out in the "Letter from the Board" of the Circular.

Having considered that (i) the Transaction will not have material financial impact on the Group while enabling the Group to generate interest income; and (ii) the Property Acquisition Option is exercisable at the sole discretion of Group, which provides flexibility and potential benefits to the Group as further discussed in the section headed "The Property Acquisition Option" below, we are of the view that the entering into the Loan Agreement and the 2026 Option Agreement is in the interests of the Company and the Shareholders as a whole.

3. Principal terms

Set out below is a summary of the principal terms of the Loan Agreement and the 2026 Option Agreement, details of which are set out in the "Letter from the Board" of the Circular.

The Loan Agreement

Date	:	27 February 2026
Parties	:	(1) Jiangnan Precision, as lender
		(2) Jiangnan Tiehejin, as borrower
		(3) Mr. Mei, as guarantor
Principal	:	RMB20,000,000
		Pursuant to the Loan Agreement, Jiangnan Tiehejin undertook to repay the interests accrued Jiangnan Precision pursuant to the 2023 Loan Agreement by 27 April 2026.
Interest Rate	:	4.0% per annum, which is determined with reference to the Group's existing cost of borrowings in the range of approximately 2.4% to 3.1%.

All interests accrued pursuant to the Loan Agreement shall be repayable by Jiangnan Tiehejin to Jiangnan Precision at the maturity of the Loan. If Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract"(《商品房預售合同》) for the acquisition of the Property, the interest calculation in respect of such principal amount shall be adjusted accordingly. If Jiangnan Precision chooses to exercise the Property Acquisition Option, all accrued but unpaid interest arising from the portion of the principal amount of the Loan applied to offset part of the purchase price for the acquisition of the Property pursuant to the Loan Agreement shall be settled in full and paid to Jiangnan Precision on the date of entering into the "commercial-housing pre-sale contract"(《商品房預售合同》).

The calculation and payment arrangements for the interest accrued on the Loan are as follows: (i) if Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract"(《商品房預售合同》) for the acquisition of the Property, and all outstanding principal amount of the Loan is applied to offset the purchase price for the acquisition of the Property, interest under the Loan Agreement shall accrue only up to the date of entering the "commercial-housing pre-sale contract"(《商品房預售合同》); (ii) if only part of the outstanding principal amount of the Loan is applied to offset the purchase price for the acquisition of the Property, interest on the portion of the principal amount so applied shall accrue only up to the date of entering the "commercial-housing pre-sale contract"(《商品房預售合同》), whereas interest on the remaining outstanding principal amount not so applied shall accrue up to the date on which the Loan is discharged; and (iii) if Jiangnan Precision does not exercise the Property Acquisition Option or Jiangnan Precision and Jiangnan Tiehejin do not ultimately enter into a "commercial-housing pre-sale contract"(《商品房預售合同》), Jiangnan Tiehejin shall, on the repayment date of the Loan, repay the outstanding principal amount of the Loan together with the interest accrued thereon under the Loan Agreement.

		Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder, will be fulfilled on 23 March 2026, the repayment date of the Loan will be 22 March 2029. The total interest income to be received by Jiangnan Precision under the Loan Agreement is approximately RMB2.4 million (assuming the Property Acquisition Option is not exercised at all).
Repayment	:	The repayment date of the principal amount and all outstanding interests shall be three years from the fulfilment of all the conditions precedent. Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder, will be fulfilled on 23 March 2026, the term of the Loan Agreement will commence on 23 March 2026 and expire on 22 March 2029, and the repayment date of the Loan will be on or before 22 March 2029. Subject to compliance with laws and regulations (including the Listing Rules), Jiangnan Precision and Jiangnan Tiehejin may enter into agreement with terms mutually agreed for the extension of the Loan.
Security	:	The Loan will be secured by the personal guarantee provided by Mr. Mei, pursuant to which Mr. Mei agreed to guarantee to Jiangnan Precision the payment obligation of Jiangnan Tiehejin under the Loan Agreement, which includes but is not limited to the principal amount of the Loan, interest, damage compensation, and liquidated damages, and all costs (including litigation, legal fees and enforcement fees, etc.) attributed from Jiangnan Tiehejin's repayment obligation under the Loan Agreement. The guarantee period shall end when the repayment obligation of Jiangnan Tiehejin under the Loan Agreement is fulfilled.

Event of default	:	If Jiangnan Tiehejin defaults on the repayment of the Loan, Jiangnan Precision has the right to take remedial measures, including (a) requiring Jiangnan Tiehejin to rectify the breach; (b) requiring Jiangnan Tiehejin to bear the losses suffered by Jiangnan Precision; and (c) requiring Jiangnan Tiehejin to immediately repay the Loan and unpaid interests and all fees paid by and all losses incurred by Jiangnan Precision pursuant to the Loan Agreement. Other events of default pursuant to the Loan Agreement include: (i) Jiangnan Tiehejin fails to fully and punctually perform or comply with its obligations under the Loan Agreement; (ii) any representations, warranties and undertaking made or given by Jiangnan Tiehejin pursuant to the Loan Agreement are untrue or misleading in material respects; (iii) any provision of the Loan Agreement becomes invalid, unenforceable or Jiangnan Tiehejin's consent or approval to perform its obligations under the Loan Agreement is revoked or amended for whatever reason; or (iv) any debt of Jiangnan Tiehejin is declared due prior to the expiry of the term; or any guarantee or similar obligation of Jiangnan Tiehejin is not released after the expiry of the term.

Please refer to the "Letter from the Board" for further details of the terms (e.g. conditions precedent, transferability) of the Loan Agreement.

The 2026 Option Agreement

Pursuant to the Loan Agreement, one of the conditions precedents to the renewal of the Loan include Jiangnan Precision and Jiangnan Tiehejin having entered into the 2026 Option Agreement. The 2026 Option Agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 27 February 2026, pursuant to which the 2023 Option Agreement will be terminated and the Property Acquisition Option will be granted to Jiangnan Precision, at nil consideration, to acquire the Property with reference to the final price under the "commercial–housing pre-sale contract", subject to the fulfillment of all the conditions precedent therein. Further details of the Property Acquisition Option, the 2026 Option Agreement and the Property are set out in the "Letter from the Board" of the Circular.

4. Evaluation of the principal terms of the Loan Agreement

Interest Rate

The Management informed that the interest rate under the Loan Agreement is determined with reference to (i) the existing cost of borrowings of the Group, which represents the cost of obtaining financing to fund its operations; (ii) the loan prime rates (the "**LPR**") published by the National Interbank Funding Center (the "**NIFC**"), which reflect general market conditions for unsecured borrowings and the credit risks thereof; (iii) the credit assessment on the financial strength of Jiangnan Tiehejin and Mr. Mei, as further discussed in the section headed "Security and default risk" below; and (iv) the repayment of interest accrued up to the date of exercise of the Property Acquisition Option.

According to the 2024 Annual Report and the Management, (i) the Group's effective interest rates for bank loans were in the range of approximately 2.7% to 3.6% per annum. Based upon public information, the one-year and over five-year LPR are 3.0% per annum and 3.5% per annum for unsecured borrowings, respectively, as opposed to the guaranteed borrowing arrangement under the Loan Agreement secured by the personal guarantee of Mr. Mei. We have also conducted online research on (i) the prevailing three-year, fixed deposit interest rates offered by five major state-owned banks with effect from 20 May 2025, which is 1.25% per annum; and (ii) a market survey report issued by Banking Industry Wealth Management Registration Custodian Center* 銀行業理財登記託管中心 on the prevailing annualized return of various wealth management products (which we consider to be of different risk profiles compared with the guaranteed Loan) offered by banking institutions and wealth management companies in the PRC in 2025, which was approximately 1.98%. We further note that there is higher certainty of recognition of interest income up to the date of entering the "commercial-housing pre-sale contract"(《商品房預售合同》) under the Loan Agreement (as compared to the 2023 Loan Agreement).

As part of our analysis, we have also searched on the website of the Stock Exchange on a best-effort basis to identify transactions in respect of lending arrangements (whether by way of grant, renewal or modification of terms) from a listed issuer to its connected person(s), with the following criteria: (i) the issuers are listed on the Stock Exchange, of which the shares were not under prolonged suspension at the date of the announcement; (ii) the loans identified are denominated in RMB; (iii) the principal amount of the loans identified is not more than RMB$100 million; (iv) the lending arrangements were announced between 1 June 2025 and 31 January 2026, a period of approximately eight months; and (v) excluding any loan agreement with convertible securities provision, factoring agreement, framework agreement for continuing connected transaction in relation to deposit services (of arrangements of similar effect), finance/operating lease, entrusted loan agreements and/guarantees provided by an issuer in favor of a bank in relation to a loan extended by such bank to a connected person.

Date	**Issuer (Stock code)**	**Nature of transaction**	**Principal amount** *(RMB)*	**Duration (months)**	**Interest per annum/Reference rate**	**Credit enhancement (secured by guarantee/asset pledge)**
29 Jun 2025	Shenzhen Dobot Corp Ltd (2432)	New grant	18,630,000	12	The one year LPR published by the NIFC on the last business day before the drawdown date	No
28 Jul 2025	Uni-Bio Science Group Limited (0690)	Extension	12,641,013.24 in aggregate	Not exceeding 5	3.1%	Yes (Assets invention patents pledge)
17 Nov 2025	Tianjin Capital Environmental Protection Group Company Limited (1065)	New grant	40,000,000	36	3.5%	No
4 Dec 2025	Chanjet Information Technology Company Limited (1588)	New grant	70,000,000	12	3.0%, being the latest one-year LPR announced by the NIFC	No
12 Dec 2025	Lee & Man Paper Manufacturing Limited (2314)	Extension	55,000,000	36	3.0%	No
12 Dec 2025	Horizon Robotics (9660)	New grant	64,026,413.93	12	The one year LPR published by the NIFC on the last business day before the drawdown date	Yes (Share pledge by escrow arrangement)

We note that (i) three out of the six loans identified benchmarked their respective interest rates to the LPR, and (ii) two out of the six loans identified have the same tenor of 36 months and charge an interest rate of not more than 3.5% per annum and without any credit enhancement arrangements, which is lower than the interest rate of 4.0% to be charged under the Loan Agreement. We consider the use of LPR as a benchmark rate for RMB-denominated lending arrangement to be a common arrangement for determining the interest rate.

The interest rate of 4.0% per annum under the Loan Agreement is higher than all of the above rates. Accordingly, we consider that the interest rate under the Loan Agreement to be fair and reasonable.

Security and credit risk

The Loan will be secured by the personal guarantee provided by Mr. Mei, pursuant to which Mr. Mei agreed to guarantee to Jiangnan Precision the payment obligation of Jiangnan Tiehejin under the Loan Agreement, which includes but is not limited to the principal amount of the Loan, interest, damage compensation, and liquidated damages, and all costs (including litigation, legal fees and enforcement fees, etc.) attributed from Jiangnan Tiehejin's repayment obligation under the Loan Agreement. The guarantee period shall only end when the repayment obligation of Jiangnan Tiehejin under the Loan Agreement is fulfilled.

We note that Mr. Mei is the Controlling Shareholder of both Jiangnan Tiehejin and the Company. As advised by the Management, the Group has the right to request for, and Jiangnan Tiehejin and Mr. Mei have agreed to, on a timely basis update the Group on the usage of the Loan as well as the construction progress of the Property. They will also regularly provide the Group with Jiangnan Tiehejin's financial statements for the Group to continually assess the credit standing of Jiangnan Tiehejin. We have received from the Company an enterprise credit report on Jiangnan Tiehejin, published by TianYanCha. We have authenticated the completeness of the enterprise credit report based on the online authentication system of TianYanCha.

We have also reviewed (i) two tax filings for the years ended 31 December 2024 and 2025; and (ii) two submission records along with the corresponding financial statements for the years ended 31 December 2023 and 2024 provided by Jiangnan Tiehejin to the Group. We noted that (i) Ms. Lu Xiaoyu, an executive Director who is not an associate of the Borrower, has regularly monitored and reviewed information related to the Transaction (not less than annually); and (ii) the unaudited consolidated net current asset value and net asset value of Jiangnan Tiehejin as at 31 December 2023, 2024 and 2025 were all exceeding RMB1 billion.

We have further reviewed (i) the construction permit obtained on 13 August 2024; (ii) the legal documents entered into between Jiangnan Tiehejin and independent third parties, which evidenced the construction timetable provided by Jiangnan Tiehejin; and (iii) the latest aerial photo of the New Office Building provided by Jiangnan Tiehejin to the Group. Based on our review, we noted that (i) the construction commenced in August 2024; (ii) Jiangnan Tiehejin updated the Group on the latest construction progress from time to time; and (iii) the construction progress is consistent with the latest timetable provided by Jiangnan Tiehejin.

Having taken into account the above, we note that (i) Jiangnan Tiehejin would provide timely updates to the Group; (ii) there have been no material changes in Jiangnan Tiehejin's financial position and performance that would significantly affect its credit standing; and (iii) there has been no material deviation in the actual usage of the Loan compared to the proposed plan at the time of signing the 2023 Loan Agreement.

We have reviewed Jiangnan Tiehejin's tax filings for 2024 and 2025 of Jiangnan Tiehejin and Mr. Mei's Shares held in the Company through Newrich Limited by virtue of interest in controlled corporation (i.e. 343,220,000 Shares) and concur with the Management that Jiangnan Tiehejin is in a healthy financial position and each of Jiangnan Tiehejin and Mr. Mei has sufficient financial resources for repaying the Loan. We understand from the Management that as Jiangnan Tiehejin is a private company incorporated in the PRC, its financial statements are not subject to annual audit requirements under the relevant PRC rules and regulations and therefore, audited financial statements are not available. The Management informed that Jiangnan Tiehejin files its tax return to the relevant PRC authorities based on such unaudited financial information. We consider the use of Jiangnan Tiehejin's tax filings for this purpose to be reasonable and adequate.

Having taken into account the above, we concur with the Management's view that the guarantee provided by Mr. Mei can effectively safeguard the interests of the Company and the default risk of the Loan is relatively low.

Repayment

Pursuant to the Loan Agreement, the repayment date of the principal amount and all outstanding interests shall be three years from the fulfilment of all the conditions precedent. Although the Group will not receive interest income on a regular basis under such repayment arrangement, the interest amount to be received is not material relative to the Group's scale of operations and the Group does not rely on it as a material source of income. We therefore consider the repayment arrangement is fair and reasonable.

The Property Acquisition Option

Under the Loan Agreement, one of the conditions precedent to the renewal of the Loan includes Jiangnan Precision and Jiangnan Tiehejin having entered into the 2026 Option Agreement, pursuant to which the 2023 Option Agreement will be terminated and the Property Acquisition Option will be granted, at nil consideration, to Jiangnan Precision to acquire the Property at a maximum purchase price capped at RMB22,000,000, and such Property Acquisition Option is exercisable at the sole discretion of the Group.

The Property Acquisition Option, which is exercisable at the sole discretion of the Group, represents an additional option available to the Group at the point of settlement of the Loan. Such Property Acquisition Option is favorable to the Group as it provides the Group with a priority to purchase the Property at a price capped at RMB22,000,000, potentially enjoying an upside in the event that the market value of the Property exceeds RMB22,000,000 at the time of the exercise of the Property Acquisition Option. The Management informed that the option exercise price of RMB22,000,000 was determined with reference to, among other things, (i) the then market prices of properties of similar nature and grading available in the localities; and (ii) the then property market sentiment in Changzhou City, Jiangsu Province when the 2023 Option Agreement was entered into.

Based on the above, we concur with the Management's view that the Property Acquisition Option, which represents an alternative settlement arrangement of the Loan with potential benefits to the Company, is fair and reasonable and is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

5. Internal Control

In order to safeguard the interests of the Company and the Shareholders as a whole, the Group will adopt certain measures in monitoring (i) the financial position and performance of the Jiangnan Tiehejin; (ii) the usage of the Loan; and (iii) the construction progress of the Property, which have been adopted by the Group for the 2023 Loan Agreement.

As advised by the Management, the Group has the right to request for, and Jiangnan Tiehejin and Mr. Mei have agreed to, on a timely basis update the Group on the usage of the Loan as well as the construction progress of the Property. They will also regularly provide the Group with Jiangnan Tiehejin's financial statements for the Group to continually assess the credit standing of Jiangnan Tiehejin.

As stated in the sub-paragraph headed "Security and credit risk" under the paragraph headed "Evaluation of the principal terms of the Loan Agreement", we have reviewed various documents provided by Jiangnan Tiehejin to the Group. Based on our review, we noted that the Group has regularly monitored the financial standing of Jiangnan Tiehejin and the construction progress of the New Office Building by timely review of relevant documents to prevent any material deviation to the credit standing of Jiangnan Tiehejin or the proposed plan at the time of signing the 2023 Loan Agreement and we are not aware of any deviation with the aforesaid internal control measures.

Given the above, we are of the view that appropriate and adequate measures will be in place to ensure compliance with the terms of the Loan Agreement in order to safeguard the interest of the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Loan Agreement are fair and reasonable; and (ii) although the Transaction is not in the ordinary and usual course of business of the Group, it is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Board Committee advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Loan Agreement and the transaction contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
ASIAN CAPITAL LIMITED
Larry Chan
Managing Director, Corporate Finance

Note: Mr. Larry Chan is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 30 years of experience in the corporate finance industry.

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

Directors' and Chief Executives' interests and short positions

As at the Latest Practicable Date, the interests and 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 corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the model code as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), were as follows:

Interests in Shares and Underlying Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares *(Note 1)*	Approximate percentage of interest in the Company *(Note 2)*
Mr. Mei Zefeng *(Note 3)*	Interest of controlled corporation	343,220,000 (L)	56.61%
	Interest of spouse	85,500,000 (L)	14.10%
Ms. Liu Ping *(Note 4)*	Interest of controlled corporation	85,500,000 (L)	14.10%
	Interest of spouse	343,220,000 (L)	56.61%

Notes:

(1) The Letter "L" denotes long position in the Company's shares.

(2) The percentage is calculated based on the total number of issued shares as at the Latest Practicable Date.

(3) Mr. Mei Zefeng, being the sole director of Newrich Limited, is the sole shareholder of Newrich Limited which holds 343,220,000 shares. Therefore, Mr. Mei Zefeng is deemed to be interested in Newrich Limited's interest in the Company's shares pursuant to the SFO. In addition, Mr. Mei Zefeng is the spouse of Ms. Liu Ping. Therefore, Mr. Mei Zefeng is deemed to be interested in Ms. Liu Ping's interest in the Company's shares pursuant to the SFO.

(4) Ms. Liu Ping, being the sole director of Star Century Corporate Limited, is the sole shareholder of Star Century Corporate Limited which holds 85,500,000 shares. Therefore, Ms. Liu Ping is deemed to be interested in Star Century Corporate Limited's interest in the Company's shares pursuant to the SFO. In addition, Ms. Liu Ping is the spouse of Mr. Mei Zefeng. Therefore, Ms. Liu Ping is deemed to be interested in Mr. Mei Zefeng's interest in the Company's shares pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' interests and short positions

As at the Latest Practicable Date, to the best knowledge of the Directors, the following interests and short position of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature of Interest	Number of Shares *(Note 1)*	Approximate percentage of interest in the Company *(Note 2)*
Mr. Mei Zefeng	Interest of controlled corporation	343,220,000 (L)	56.61%
	Interest of spouse	85,500,000 (L)	14.10%
Ms. Liu Ping	Interest of controlled corporation	85,500,000 (L)	14.10%
	Interest of spouse	343,220,000 (L)	56.61%
Newrich Limited	Beneficial owner	343,220,000 (L)	56.61%
Star Century Corporate Limited	Beneficial owner	85,500,000 (L)	14.10%

Notes:

(1) The Letter "L" denotes long position in the Company's shares.

(2) The percentage is calculated based on the total number of issued shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors have not been notified by any persons who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. NO MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation other than statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL INTERESTS

As at the Latest Practicable Date:

(a) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, nor any of their respective close associates had any interest in other business which competes or may compete, either directly or indirectly, with the business of the Group as if each of them were treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

8. EXPERTS' QUALIFICATIONS AND CONSENT

The following are the qualifications of the expert who had given its opinions or advice which are contained in this circular:

Name	Qualification
Asian Capital Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the abovementioned expert had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and/or the reference to its name and opinions in the form and context in which they respectively appear.

As at the Latest Practicable Date, the abovementioned expert did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the abovementioned expert 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 was 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 statements of the Group were made up).

9. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.jnpmm.com) for a period of 14 days from the date of this circular until the date of the EGM:

(a) the Loan Agreement;

(b) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(e) the written consent referred to in the paragraph headed "Expert's Qualifications and Consent" in this appendix; and

(f) this circular.

KANGLI INTERNATIONAL HOLDINGS LIMITED
康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06890)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of KangLi International Holdings Limited (the "**Company**") will be held at 11:00 a.m. on Monday, 23 March 2026 (or at any adjournment thereof) at 18/F, Nine Queen's Road Central, Central, Hong Kong to consider and, if thought fit, pass the following resolution.

ORDINARY RESOLUTION

1. "**THAT**:

(a) the loan agreement dated 27 February 2026 entered into between Jiangsu Jiangnan Precision Metal Material Co., Limited*（江蘇江南精密金屬材料有限公司）, a wholly-owned subsidiary of the Company, Jiangsu Jiangnan Tiehejin Co., Limited*（江蘇江南鐵合金有限公司）, and Mr. Mei Zefeng (a copy of which has been produced at the EGM marked "A" and initialed by the chairman of the EGM for the purpose of identification) (the "**Loan Agreement**") and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) the directors of the Company be and are hereby authorised to take all such steps, do all such acts and/or things and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Loan Agreement and all transactions contemplated thereunder as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to the Loan Agreement and the implementation of all transactions contemplated thereunder."

By order of the Board
KangLi International Holdings Limited
Liu Ping
Chairman

* *For identification purpose only.*

Hong Kong, 6 March 2026

Principal Place of Business in Hong Kong
18th Floor
Nine Queen's Road Central
Central
Hong Kong

As at the date hereof, the Board comprised five executive Directors, being Mr. Mei Zefeng, Ms. Liu Ping, Mr. Zhang Zhihong, Ms. Lu Xiaoyu and Mr. Xu Chao, and three independent non-executive Directors, being Mr. Yang Guang, Mr. Lau Ying Kit and Mr. Cao Cheng.

Notes:

1. Any shareholder (the "**Shareholder(s)**") of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a Shareholder.

2. In order to be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time (i.e. 11:00 a.m. on Saturday, 21 March 2026) for holding the EGM or any adjournment thereof.

3. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 18 March 2026 to Monday, 23 March 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the EGM, all share certificates with completed transfer forms 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, not later than 4:30 p.m. on Tuesday, 17 March 2026 in order to be registered as a Shareholder. The record date for the EGM is 23 March 2026.

4. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

5. If tropical cyclone warning signal no. 8 or above is hoisted, or "extreme conditions" caused by super typhoons or a black rainstorm warning signal is in force in Hong Kong at 8:00 a.m. on Monday, 23 March 2026, the EGM will be adjourned to another appropriate date and time (to be advised) at the same venue. The Company will post an announcement on the websites of the Company at www.jnpmm.com and the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the adjourned meeting.