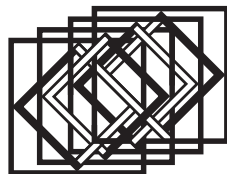

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Pak Tak International Limited**, you should at once hand this circular together with the accompanying proxy form to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF GUARANTEES; CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF CROSS-GUARANTEE; AND NOTICE OF THE SPECIAL GENERAL MEETING

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



A letter from the Board is set out on pages 6 to 25 of this circular. A letter from the Independent Board Committee is set out on pages 26 to 28 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 29 to 51 of this circular.

The SGM will be held at 11:45 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 11:00 a.m. on the same day and at the same place) on Friday, 26 June 2026 (Hong Kong time) at Room 3, 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong. The notice of the SGM is set out on pages 56 to 57 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time of SGM (i.e. at or before 11:45 a.m. on Wednesday, 24 June 2026 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

11 June 2026

* For identification purpose only

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DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this circular:

“Bank”	The Bank of Fushun Company Limited* (撫順銀行股份有限公司)
“Board”	the board of Directors
“Company”	Pak Tak International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Cross-guarantee”	the guarantee mutually provided by Fushun Xingzhou, Fushun Huawei and Fushun Zongchuan to each other for the due performance of the repayment obligations in relation to the facility granted by the Bank
“Cross-guarantee Agreement”	the cross-guarantee agreement dated 24 April 2026 entered into among Fushun Xingzhou, Fushun Huawei and Fushun Zongchuan in relation to the provision of the Cross-guarantee
“Director(s)”	director(s) of the Company
“Extended Guarantee Agreement I”	the extended guarantee agreement dated 11 March 2026 entered into among Fushun Xingzhou, the Bank and other parties in respect of the extended Guarantee I
“Facility I”	a facility with a principal amount of up to RMB17,000,000 for 12 months (i.e. from 29 February 2024 to 28 February 2025) (amended to RMB16,000,000 on 19 February 2025 with a term extended from 28 February 2025 to 2 February 2026, and further amended to RMB14,720,000 on 11 March 2026 with a term further extended from 2 February 2026 to 2 June 2026) made available by the Bank to Fushun Huawei
“Facility II”	a facility with a principal amount of up to RMB40,000,000 made available by the Bank to Fushun Zongchuan for 12 months (i.e. from 10 December 2025 to 9 December 2026)
“Facility III”	a facility with a principal amount of up to RMB80,000,000 made available by the Bank to Fushun Zongchuan for 12 months (i.e. from 1 December 2025 to 30 November 2026)

DEFINITIONS

“Fushun Huawei”	Fushun Huawei Mining Technology Development Co., Ltd.* (撫順華威礦業科技發展有限公司), a company established in the PRC with limited liability
“Fushun Xingzhou”	Fushun Xingzhou Mining Co., Ltd.* (撫順興洲礦業有限公司), a company established in the PRC with limited liability, and has become an indirect non-wholly-owned subsidiary of the Company since 31 December 2024
“Fushun Zongchuan”	Fushun Zongchuan Mining Development Co., Ltd.* (撫順宗傳礦業發展有限公司), a company established in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Guarantee I”	the guarantee provided by Fushun Xingzhou to the Bank under the Guarantee Agreement I for the due performance of the repayment obligations of Fushun Huawei to the Bank in the principal amount of up to RMB16,000,000 (amended to the amount of up to RMB14,720,000 on 11 March 2026)
“Guarantee II”	the guarantee provided by Fushun Xingzhou to the Bank under the Guarantee Agreement II for the due performance of the repayment obligations of Fushun Zongchuan to the Bank in the principal amount of up to RMB40,000,000
“Guarantee III”	the guarantee provided by Fushun Xingzhou to the Bank under the Guarantee Agreement III for the due performance of the repayment obligations of Fushun Zongchuan to the Bank in the principal amount of up to RMB80,000,000
“Guarantees”	collectively, the Guarantee I, the Guarantee II and the Guarantee III
“Guarantee Agreement I”	the guarantee agreement dated 19 February 2025 entered into among Fushun Xingzhou, the Bank and other parties in respect of the Guarantee I
“Guarantee Agreement II”	the guarantee agreement dated 1 December 2025 entered into between Fushun Xingzhou and the Bank in respect of the Guarantee II
“Guarantee Agreement III”	the guarantee agreement dated 1 December 2025 entered into between Fushun Xingzhou and the Bank in respect of the Guarantee III

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, and each of them does not have any material interest in the transactions contemplated under the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II, the Guarantee Agreement III and the Cross-guarantee Agreement
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 regulated activities (advising on corporate finance) under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder, and (ii) the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated under the Cross-guarantee Agreement and the proposed annual caps
“Independent Shareholder(s)”	Shareholder(s) who are not required to abstain from voting at the SGM to (i) approve and ratify the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) approve the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan under the Cross-guarantee Agreement and the proposed annual caps
“Independent Third Party(ies)”	party(ies) independent from and not connected with the Company and its connected persons
“Internal Control Adviser”	BT Corporate Governance Limited, the internal control adviser appointed by the Company to conduct a thorough review of and make recommendations to the internal control systems of the Company

DEFINITIONS

“Latest Practicable Date”	5 June 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Liaoning Zongchuan”	Liaoning Zongchuan Mining Real Estate Development Co., Ltd.* (遼寧宗傳礦業房地產開發有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this circular only (unless otherwise indicated) excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, (i) approve and ratify the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) approve the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan under the Cross-guarantee Agreement and the proposed annual caps
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

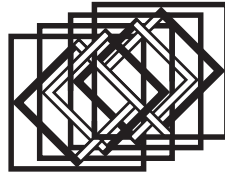
DEFINITIONS

“Wenzhou Qize” Wenzhou Qize Mining Co., Limited* (溫州啟澤礦業有限公司), a company established in the PRC with limited liability

“%” per cent.

* *the English translation of the Chinese name is for information purposes only, and should not be regarded as the official English translation of such name*

LETTER FROM THE BOARD



PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

Executive Directors:

Mr. Wu Zongchuan (*Chairman*)
Mr. Liu Weixiong
Mr. Lyu Zhengjun

Non-executive Director:

Mr. Hang Chu Kwong

Independent Non-executive Directors:

Ms. Chan Ching Yi
Ms. Li Yun
Mr. Li Wubo

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
Business in Hong Kong:*

20/F, One Continental
No. 232 Wan Chai Road
Wan Chai
Hong Kong

11 June 2026

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION
TO PROVISION OF GUARANTEES;
CONTINUING CONNECTED TRANSACTION AND
DISCLOSEABLE TRANSACTION IN RELATION
TO PROVISION OF CROSS-GUARANTTEE;
AND
NOTICE OF THE SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 18 March 2026, 17 April 2026 and 24 April 2026.

* For identification purpose only

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things: (i) further details of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; (ii) further details of the Cross-guarantee Agreement and the transactions contemplated thereunder; (iii) the letter from the Independent Board Committee to the Independent Shareholders; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) a notice of SGM.

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO PROVISION OF GUARANTEES

Guarantee I

On 19 February 2025, Fushun Xingzhou, the Bank, Fushun Huawei, Fushun Zongchuan and Wenzhou Qize entered into the Guarantee Agreement I, which extended the guarantee for the Facility I (the term of the Facility I was extended from 28 February 2025 to 2 February 2026), in relation to the provision of guarantee for the due performance of the repayment obligation of Fushun Huawei to the Facility I with the amended principal amount of up to RMB16,000,000 obtained by Fushun Huawei from the Bank.

On 11 March 2026, Fushun Xingzhou, the Bank, Fushun Huawei, Fushun Zongchuan, Wenzhou Qize, Liaoning Zongchuan, Mr. Wu Zongchuan, Ms. Ouyang Liming (spouse of Mr. Wu Zongchuan), Mr. Wu Qi, Ms. Mao Junfei (spouse of Mr. Wu Qi) and another Independent Third Party (as guarantors) entered into the Extended Guarantee Agreement I for the Guarantee I in respect of the Facility I (the term of the Facility I is further extended from 2 February 2026 to 2 June 2026) with the amended principal amount of up to RMB14,720,000.

The Facility I was granted by the Bank to Fushun Huawei in around June 2017, with the original principal amount of up to RMB50,000,000 for an original term of two years. The purpose of the Facility I is for the payment of construction fees by Fushun Huawei. Since June 2019, the term of the Facility I has been extended for several times, during which Fushun Huawei has repaid RMB35,280,000 under the Facility I. As at the Latest Practicable Date, the remaining balance under the Facility I is RMB14,720,000.

As informed by Fushun Huawei, the repayment of the remaining balance of RMB14,720,000 under Facility I is being processed, and the Guarantee I will not be extended.

Summarised below are the principal terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I):

Date: 19 February 2025

Parties:

- (1) the Bank (as lender);
- (2) Fushun Huawei (as borrower and guarantor);
- (3) Fushun Xingzhou (as guarantor);
- (4) Fushun Zongchuan (as guarantor); and
- (5) Wenzhou Qize (as guarantor)

LETTER FROM THE BOARD

Guaranteed Amount: RMB16,000,000

The guaranteed amount was amended to RMB14,720,000 pursuant to the Extended Guarantee Agreement I entered into on 11 March 2026.

Term: Three years from the date of expiry of the repayment obligation of Fushun Huawei for the Facility I (i.e. from 2 June 2026 to 1 June 2029)

Nature: Joint and several liability

Scope of the Guarantee I: The scope of the Guarantee I includes:

- (1) the principal amount and interest (including statutory interest, agreed interest, compound interest, and penalty interest), liquidated damages, and compensation damages; and
- (2) all expenses incurred by the Bank in exercising its enforcement rights under the Guarantee Agreement I (including without limitation, legal expenses, litigation and arbitration costs, attestation costs, valuation costs, auction costs, and enforcement costs).

Guarantee II and Guarantee III

On 1 December 2025, Fushun Xingzhou and the Bank entered into (i) the Guarantee Agreement II in relation to the provision of guarantee for the due performance of the repayment obligation of Fushun Zongchuan to the Facility II with the principal amount of up to RMB40,000,000 obtained by Fushun Zongchuan from the Bank; and (ii) the Guarantee Agreement III in relation to the provision of guarantee to the Facility III with the principal amount of up to RMB80,000,000 obtained by Fushun Zongchuan from the Bank.

The facility agreement in relation to the Facility II was entered into between Fushun Zongchuan and the Bank on 1 December 2025, pursuant to which the Bank has agreed, subject to the terms and conditions contained therein, to grant to Fushun Zongchuan the Facility II with the principal amount of up to RMB40,000,000 for 12 months (i.e. from 10 December 2025 to 9 December 2026). The Facility II is used for the repayment of loan to the Bank, the purpose of which is payment for ore purchasing.

LETTER FROM THE BOARD

The facility agreement in relation to the Facility III was entered into between Fushun Zongchuan and the Bank on 1 December 2025, pursuant to which the Bank has agreed, subject to the terms and conditions contained therein, to grant to Fushun Zongchuan the Facility III with the principal amount of up to RMB80,000,000 for 12 months (i.e. from 1 December 2025 to 30 November 2026). The Facility III is used for the repayment of loan to the Bank, the purpose of which is payment for ore purchasing.

Summarised below are the principal terms of the Guarantee Agreement II and the Guarantee Agreement III:

The Guarantee Agreement II

Date:	1 December 2025
Parities:	(1) the Bank (as lender); and (2) Fushun Xingzhou (as guarantor)
Guaranteed Amount:	RMB40,000,000
Term:	Three years from the date of expiry of the repayment obligation of Fushun Zongchuan for the Facility II (i.e. from 9 December 2026 to 8 December 2029)
Nature:	Joint and several liability
Scope of the Guarantee II:	The scope of the Guarantee II includes: (1) the principal amount and interest (including statutory interest, agreed interest, compound interest, and penalty interest), liquidated damages, and compensation damages; and (2) all expenses incurred by the Bank in exercising its enforcement rights under the Guarantee Agreement II (including without limitation, legal expenses, litigation and arbitration costs, attestation costs, valuation costs, auction costs, and enforcement costs).

LETTER FROM THE BOARD

The Guarantee Agreement III

Date:	1 December 2025
Parties:	(1) the Bank (as lender); and (2) Fushun Xingzhou (as guarantor).
Guaranteed Amount:	RMB80,000,000
Term:	Three years from the date of expiry of the repayment obligation of Fushun Zongchuan for the Facility III (i.e. from 30 November 2026 to 29 November 2029)
Nature:	Joint and several liability
Scope of the Guarantee III:	The scope of the Guarantee III includes: (1) the principal amount and interest (including statutory interest, agreed interest, compound interest, and penalty interest), liquidated damages, and compensation damages; and (2) all expenses incurred by the Bank in exercising its enforcement rights under the Guarantee Agreement III (including without limitation, legal expenses, litigation and arbitration costs, attestation costs, valuation costs, auction costs, and enforcement costs).

CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF CROSS-GUARANTEE

On 24 April 2026, Fushun Xingzhou, Fushun Huawei and Fushun Zongchuan entered into the Cross-guarantee Agreement, pursuant to which Fushun Xingzhou, Fushun Zongchuan and Fushun Huawei will establish a mutual guarantee system for a term from 24 April 2026 to 31 December 2028 in relation to the facility granted by the Bank, subject to the Independent Shareholders' approval at the SGM.

Summarised below are the principal terms of the Cross-guarantee Agreement:

Date:	24 April 2026
Parties:	(1) Fushun Xingzhou; (2) Fushun Huawei; and (3) Fushun Zongchuan

LETTER FROM THE BOARD

Term:	From 24 April 2026 to 31 December 2028, subject to the Independent Shareholders' approval at the SGM
Nature:	Fushun Xingzhou, Fushun Zongchuan and Fushun Huawei will provide guarantee mutually to each other in relation to the facility granted by the Bank. The Cross-guarantee is joint and several liability.
Separate guarantee agreements:	Fushun Xingzhou, Fushun Zongchuan and Fushun Huawei shall enter into separate guarantee agreement for the specific guarantee to be provided in relation to the specific facility to be granted by the Bank.
Scope of the Cross-guarantee:	The scope of the Cross-guarantee includes the principal amount and interest (including statutory interest, agreed interest, compound interest, and penalty interest), liquidated damages, and compensation damages; and all expenses incurred by the Bank in exercising its enforcement rights under the respective facility agreements (including without limitation, litigation costs, arbitration costs, property preservation fee, travel expenses, enforcement costs, valuation costs, auction costs, attorney fees and publication costs).

Proposed Annual Caps

The table below lists the proposed annual caps of the amount of guarantee to be provided by Fushun Xingzhou to each of Fushun Huawei and Fushun Zongchuan under the Cross-guarantee Agreement for each of the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	(RMB'000)	(RMB'000)	(RMB'000)
Provision of guarantee by Fushun Xingzhou to Fushun Huawei	15,000	15,000	15,000
Provision of guarantee by Fushun Xingzhou to Fushun Zongchuan	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

LETTER FROM THE BOARD

Basis for proposed annual caps

When determining the basis for the proposed annual caps of the amount of guarantees to be provided by Fushun Xingzhou, the following factors are mainly considered: (a) the historical amount and actual usage of the mutual provision of guarantee in the past, (b) the financing needs of Fushun Huawei and Fushun Zongchuan for the coming years, (c) the financial condition, guarantee capacity, and risk tolerance of Fushun Xingzhou, and (d) the impact of the macroeconomic environment, industry development trends, and relevant policies and regulations on the financing activities of all parties.

Fushun Huawei was principally engaged in the trading of mineral products and mining resource investment and does not have substantial operation currently. Its financial obligation is primarily relating to the repayment of the existing Facility I, the original proceeds of which were utilised for payment of construction fees. Historically, it has required bank facility of up to RMB50,000,000 since June 2017. The proposed annual cap set at RMB15,000,000 is based on the amended principal amount of RMB14,720,000 under the Extended Guarantee Agreement I. Notwithstanding that Fushun Huawei is in the process to repay the outstanding balance of the Facility I, the proposed annual cap of RMB15,000,000 provides the flexibility to accommodate the possible guarantee to be provided to Fushun Huawei in the future.

Fushun Zongchuan focuses on providing mining engineering contracting and construction services. Its operations require capital for ore purchases and loan repayments, utilising historical bank facilities of up to RMB120,000,000 since December 2020. Its ongoing financing requirements are supported by the Facility II and Facility III, and the proposed annual cap of RMB120,000,000. This proposed annual cap is primarily designated for the repayment of the original loans used to fund the ore purchasing activities.

The proposed annual caps are set at the same practical level as the respective amounts in the Guarantee Agreements, facilitating the refinancing and repayment of existing debt obligations incurred for essential mining operations. Furthermore, the proposed annual caps are fair and reasonable as they facilitate a reciprocal guarantee arrangement.

INFORMATION OF THE PARTIES

Fushun Huawei and Fushun Zongchuan

Fushun Huawei is a limited liability company established in the PRC. It was principally engaged in trading of mineral products and mining resource investment and does not have substantial operation currently. Fushun Huawei is wholly-owned by Fushun Zongchuan. Mr. Wu Qi is a director of Fushun Huawei.

Fushun Zongchuan is a limited liability company established in the PRC. It is an investment holding company and its subsidiaries are principally engaged in provision of mining engineering contracting, construction services as well as underground mining operation. Fushun Zongchuan is held as to 40%, 30% and 30% by Mr. Wu Zongchuan, Ms. Wu Shasha and Mr. Wu Qi, respectively. Mr. Wu Zongchuan is a director and Mr. Wu Qi is a supervisor of Fushun Zongchuan. Ms. Wu Shasha is the daughter and Mr. Wu Qi is the son of Mr. Wu Zongchuan.

LETTER FROM THE BOARD

Mr. Wu Zongchuan is an executive Director, the chairman of the Board, and chief executive officer of the Company. Mr. Wu Qi is a substantial Shareholder of the Company. Accordingly, Fushun Huawei and Fushun Zongchuan are associates of Mr. Wu Zongchuan and Mr. Wu Qi, and therefore connected persons of the Company under Chapter 14A of the Listing Rules.

Wenzhou Qize

Wenzhou Qize is a limited liability company established in the PRC. It was principally engaged in provision of mining and extraction of mineral resources and does not have substantial operation currently. Mr. Wu Qi is the director of Wenzhou Qize. Wenzhou Qize is held as to 60%, 20% and 20% by Ms. Ouyang Liming (spouse of Mr. Wu Zongchuan), Ms. Wu Shasha and Mr. Wu Qi, respectively. Accordingly, Wenzhou Qize is an associate of Mr. Wu Zongchuan and therefore a connected person of the Company under the Listing Rules.

Liaoning Zongchuan

Liaoning Zongchuan is a limited liability company established in the PRC. It was principally engaged in general contracting of mining engineering construction and building installation and does not have substantial operation currently. Mr. Wu Qi is the director and Ms. Wu Shasha is the supervisor of Liaoning Zongchuan. Liaoning Zongchuan is held as to 53.33%, 23.33% and 23.33% by Mr. Wu Zongchuan, Ms. Wu Shasha and Mr. Wu Qi, respectively. Accordingly, Liaoning Zongchuan is an associate of Mr. Wu Zongchuan and therefore a connected person of the Company under the Listing Rules.

The Bank

The Bank is a licensed commercial bank established in Fushun city, Liaoning Province, the PRC, principally engaged in the provision of a range of banking services and related financial services.

As at the Latest Practicable Date, based on the public record, the Bank has a diverse shareholding structure with more than 10 ultimate beneficial owners, none of whom owns 30% or more interest of the Bank. The top three shareholders of the Bank are Haochen Medical Technology Co., Ltd.* (皓宸醫療科技股份有限公司) (“**Haochen Medical**”), Donghui Big Health Industry Co., Ltd.* (東匯大健康產業股份有限公司) (“**Donghui Big Health**”) and Liaoyang County Xiaodongshan Mining Co., Ltd.* (遼陽縣小東山礦業有限公司) (“**Xiaodongshan Mining**”), holding approximately 15.44%, 12.48% and 10.21% interest in the Bank, respectively. Each of other shareholders is holding less than 10% of interest in the Bank. Haochen Medical is a company listed on the Shenzhen Stock Exchange (stock code: 002622.SZ). Donghui Big Health is held as to 11.38% by Li Huizhi (李慧智) and 80% by Donghui Investment Holding Group Co., Ltd.* (東匯投資控股集團有限公司), which is in turn held as to 57.90%, 19.00%, 19.00% and 4.10% by Li Huizhi (李慧智), Li Jingqi (李京奇), Li Jingsi (李京思) and Chen Xiaohong (陳小紅), respectively. Xiaodongshan Mining is held as to 99.00% and 1.00% by Zhang Qingsheng (張慶勝) and Jiang Haiying (姜海英), respectively.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Bank and its ultimate beneficial owner are Independent Third Parties.

LETTER FROM THE BOARD

The Group and Fushun Xingzhou

The Group is principally engaged in supply chain business (including the iron ore mining and milling), hotel management and catering services and the property investment.

Fushun Xingzhou is a limited liability company established in the PRC and is principally engaged in iron ore mining and milling in Fushun region, holding a mining license with validity period until July 2049. Fushun Xingzhou has become an indirectly non-wholly-owned subsidiary of the Company since 31 December 2024. Fushun Xingzhou is indirectly held as to 96.62% by the Company.

REASONS FOR AND BENEFITS OF THE PROVISION OF GUARANTEES AND PROVISION OF CROSS-GUARANTEE

The provision of the Guarantees and provision of the Cross-guarantee align with standard industry practices, where the enterprises in the mining sector commonly engage in reciprocal guarantee arrangements to mutually support access to bank financing and enhance operational efficiency. Because of the nature of mining operations which involves significant risks (such as commodity price fluctuations, geological uncertainties, regulatory changes, environmental liabilities, and operational hazards, etc.), banks routinely require mutual guarantees as a condition for providing financing to enterprises in the mining sector. Mutual guarantee arrangement can provide the collective financial strength to support the borrowings and reduce the perceived risk for banks. This approach establishes a safety net that enhances financial access and shares risks among the enterprises involved in mining industry, and support sustainability and growth in the mining industry, which becomes a norm in the industry.

Fushun Huawei, Fushun Zongchuan and Fushun Xingzhou have established and maintained a longstanding cooperative relationship in Fushun region for more than six years, during which they have been providing guarantees to each other. Since December 2019, Fushun Zongchuan has been acting as a guarantor for Fushun Xingzhou for several facilities granted by the Bank with maximum principal amount of up to RMB375,000,000, used for project construction payments and loan repayments. Since December 2020, Fushun Xingzhou has been acting as a guarantor for Fushun Zongchuan for several facilities granted by the Bank with maximum principal amount of up to RMB120,000,000, used for ore purchase and loan repayments. Since June 2019, Fushun Xingzhou has been acting as a guarantor for Fushun Huawei for several facilities granted by the Bank with maximum principal amount of up to RMB50,000,000, used for project construction payments and loan repayments.

As at the Latest Practicable Date, Fushun Zongchuan provides a corporate guarantee at the total amount of RMB356,300,000 in favor of Fushun Xingzhou. The provision of guarantees by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan, as part of the mutual financial support within the enterprises in the mining sector, is not only essential and beneficial for the Group to obtain and ensure its financial stability in return (where other enterprises in the mining sector (including Fushun Huawei and Fushun Zongchuan) provide corporate guarantees), but also contributes to the sustainability of local mining operations and business continuity in Fushun.

LETTER FROM THE BOARD

Participation in the mutual guarantee arrangement is beneficial for the Group to obtain bank facilities to support the long-term and stable development of the Group's business with the establishment of mutual cooperation relationship relating to provision of cross guarantee with enterprises possessing certain strengths.

The Directors (other than Mr. Wu Zongchuan who has abstained from voting, and excluding the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III are fair and reasonable; and the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole; and (ii) the terms of the Cross-guarantee Agreement are fair and reasonable, and the entering into of the Cross-guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Fushun Zongchuan is held as to 40%, 30% and 30% by Mr. Wu Zongchuan, Ms. Wu Shasha and Mr. Wu Qi, respectively. Fushun Huawei is wholly-owned by Fushun Zongchuan. Reference is made to the announcements of the Company dated 29 February 2024, 24 June 2024, 30 September 2024 and 31 December 2024, and the circular of the Company dated 28 June 2024, in relation to, among other things, the acquisition (the “**Acquisition**”) of the entire issued share capital of Zongchuan Investment Group Co., Limited (as the target company, which indirectly holds 96.62% of the equity interest in Fushun Xingzhou) by the Company (as purchaser) from Zongchuan Investment Holding Co., Limited (as vendor, which is wholly-owned by Mr. Wu Qi). Upon completion of the Acquisition on 31 December 2024, 950,000,000 Shares (representing 16.87% of the issued share capital of the Company) were issued by the Company as consideration shares to Zongchuan Investment Holding Co., Limited, therefore Mr. Wu Qi has become a substantial Shareholder of the Company. As such, Fushun Huawei and Fushun Zongchuan have become the associates of Mr. Wu Qi and therefore become connected persons of the Company under Chapter 14A of Listing Rules since 31 December 2024. Reference is also made to the announcement of the Company dated 21 May 2025, in relation to, among other things, the appointment of Mr. Wu Zongchuan as an executive Director, the chairman of the Board and the chief executive officer of the Company. As such, Fushun Huawei and Fushun Zongchuan have also become the associates of Mr. Wu Zongchuan and therefore connected persons of the Company under Chapter 14A of Listing Rules.

As a result, entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder respectively constituted connected transactions of the Company under Chapter 14A of the Listing Rules, and entering into of the Cross-guarantee Agreement and the transactions contemplated thereunder constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Wenzhou Qize, one of the guarantors of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), is held as to 60%, 20% and 20% by Ms. Ouyang Liming (spouse of Mr. Wu Zongchuan), Ms. Wu Shasha and Mr. Wu Qi, respectively. Accordingly, Wenzhou Qize is an associate of Mr. Wu Zongchuan and therefore a connected person of the Company under the Listing Rules.

Provision of Guarantees

Given the parties to the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III are connected with one another, the transactions contemplated under the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio for the provision of the Guarantee I (as extended by the Extended Guarantee Agreement I), the Guarantee II and the Guarantee III, on an aggregate basis, exceeded 5% but less than 25%, the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder should be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder also constituted discloseable transaction of the Company under Chapter 14 of the Listing Rules and would therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules in respect of the provision of the Guarantees, as and when such obligations arose. Regrettably, the Board had overlooked the obligation to comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules.

In relation to the guarantee provided by Fushun Zongchuan to Fushun Xingzhou for the facilities granted by the Bank, upon partial repayment of RMB18,700,000 made by Fushun Xingzhou to the Bank since 2024, as at the Latest Practicable Date, Fushun Zongchuan provides a guarantee at the total amount of RMB356,300,000 in favor of Fushun Xingzhou. The provision of guarantee by Fushun Zongchuan to Fushun Xingzhou (i) is conducted on normal commercial terms or better; and (ii) is not secured by the assets of the Group. As such, the guarantee is fully exempted from all compliance requirements pursuant to Rule 14A.90 of the Listing Rules.

LETTER FROM THE BOARD

Provision of Cross-guarantee

As the highest applicable percentage ratio for the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan under the Cross-guarantee Agreement exceeds 5% but less than 25%, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated under the Cross-guarantee Agreement shall be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the entering into of the Cross-guarantee Agreement and the transactions contemplated thereunder also constituted discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The provision of guarantee by Fushun Huawei and/or Fushun Zongchuan to Fushun Xingzhou under the Cross-guarantee Agreement (i) is conducted on normal commercial terms or better; and (ii) is not secured by the assets of the Group, therefore the provision of guarantee by Fushun Huawei and/or Fushun Zongchuan to Fushun Xingzhou contemplated under the Cross-guarantee Agreement is fully exempted pursuant to Rule 14A.90 of the Listing Rules. The amount of guarantee to be provided by Fushun Huawei and/or Fushun Zongchuan to Fushun Xingzhou shall be subject to the actual amount of facility granted by the Bank to Fushun Xingzhou without annual cap.

As Mr. Wu Zongchuan has material interest in the provision of the Guarantees and the provision of Cross-guarantee, Mr. Wu Zongchuan has abstained from voting on the relevant Board resolutions approving (i) the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III, and the transactions contemplated thereunder, and (ii) the Cross-guarantee Agreement and the transactions contemplated thereunder. Save as Mr. Wu Zongchuan, no other Director has a material interest in the provision of the Guarantees and the provision of Cross-guarantee and hence no other Director is required to abstain from voting on the relevant Board resolutions.

INTERNAL CONTROL PROCEDURES

Reasons for the Non-compliance

The Board is of the view that the provisions of Guarantees under of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III have not complied with the applicable requirements of Chapter 14 and Chapter 14A of the Listing Rules, including the requirements of Rules 14.34(2), 14A.35 and 14A.36 of the Listing Rules. Fushun Xingzhou has been providing guarantees to Fushun Huawei and Fushun Zongchuan before it became an indirect non-wholly-owned subsidiary of the Company on 31 December 2024. The non-compliance was primarily due to an unintentional oversight in the timely identification of such provision of Guarantees. Specifically, the management in the subsidiary of the Company did not timely report the guarantee arrangements entered into at the material time, resulting in the failure to timely perform classifications, disclosures and approval procedures required under the Listing Rules. The non-compliance was brought to the attention of the Company during the annual audit process for the financial year ended 31 December 2025. The auditor of the Company identified the guarantee

LETTER FROM THE BOARD

arrangements during the review of the bank confirmations, and subsequently discussed with the management of the Company. The Board recognises that this incident may indicate potential internal control issues of the Group. Therefore, the Board takes this matter seriously, and is in the process of re-assessing the internal control of the Group to improve the procedures for identifying, handling and disclosing notifiable transactions and connected transactions to ensure compliance with the relevant requirements and regulations, including the Listing Rules.

Internal Control Measures

To enhance the internal control of the Group and preventing the recurrence of similar incidents, the Company has (i) provided additional guidance materials (containing detailed guidance on the compliance requirements for notifiable transactions under Chapter 14 and connected transactions under Chapter 14A of the Listing Rules, specifically highlighting the definitions and identification criteria for “connected persons” and “associates”) to the Directors, all senior management of the Group (including the general managers and the financial controllers of the subsidiaries) and the transaction teams at the subsidiary level to enhance their existing knowledge on the compliance requirements relating to connected transactions under the Listing Rules, before the publication of the announcement dated 18 March 2026; and (ii) provided the memorandum prepared by the company secretary (the “**Company Secretary**”) of the Company (containing (a) the compliance requirements relating to connected transactions under Chapter 14A and notifiable transactions under Chapter 14 of the Listing Rules, highlighting disclosure and approval requirements under Rules 14.34(2), 14A.35 and 14A.36 of the Listing Rules; (b) the establishment of an internal control procedures, explicitly requiring the senior management in the subsidiaries to escalate any potential transaction (including but not limited to acquisition or disposal of assets, loans, guarantees or other financial arrangements) to the Board and the Company Secretary for compliance review prior to entering into the agreement; and (c) a clear statement that no relevant transaction or definitive agreement could be signed or conducted until the necessary procedures under the Listing Rules have been fully complied with and cleared by the Board) to all Directors, all senior management of the Group (including the general managers and the financial controllers of the subsidiaries) and the transaction teams at the subsidiary level on 27 March 2026.

The training in relation to the compliance requirements under Chapters 14 and 14A of the Listing Rules will be conducted by the Internal Control Adviser by July 2026. As recommended by the Internal Control Adviser, the Company will implement a comprehensive training to ensure a clear understanding of compliance obligations across all operational levels. The participants of the training program include all Directors, senior management of the Group (including the general managers and financial controllers of the subsidiaries) and the transaction teams at the subsidiary level. The core scope and focus of the training will cover the definitions, the size test calculation and percentage ratios of the notifiable transactions and the connected transactions, the practical application of percentage ratio computations for the transactions, the strict operationalization of the Group’s internal reporting and approval procedures, and the continuous disclosure obligations required to maintain a high-level internal control environment.

LETTER FROM THE BOARD

The Company is planning to conduct the following measures to streamline the internal procedures and communicating channel between the Directors and the Company Secretary on one hand, and the transaction team (which is an operational-level team responsible for the initial identification and preliminary assessment of the potential transactions) and the senior management in the subsidiaries on the other hand to ensure full compliance with the Listing Rules:

- (i) Under the supervision of the financial controllers and the general managers of subsidiaries, the transaction teams will identify the potential transactions that are not in the ordinary and usual course of business of the Group and/or to be conducted with connected persons. To facilitate the identification of the connected persons, the Company Secretary is responsible for preparing and providing the list of connected persons to the transaction teams for identification at the earliest stage. To ensure the list of connected persons remains accurate and effective, the Company Secretary will update it on a quarterly basis, or immediately upon any material changes to the Board composition or substantial shareholders of the Company. When a potential transaction is identified, the transaction teams will report to the financial controller, and the financial controller will convey the transaction details to Mr. Liu Weixiong, an executive Director, who is responsible for the compliance of the Listing Rules, or an alternative Director when Mr. Liu Weixiong has conflict of interest.
- (ii) The financial controllers of the subsidiaries are required to submit reports (with summaries of parties, nature, major terms and transaction amount) in relation to the potential transactions that are not in the ordinary and usual course of business of the Group and/or to be conducted with connected persons directly to Mr. Liu Weixiong, or the alternative Director when Mr. Liu Weixiong has conflict of interest, within three days from identification of the potential transactions. This ensures the Director receives concise, relevant information on potential notifiable transactions and connected transactions early in the process.
- (iii) Upon review of the summaries of the potential transactions, Mr. Liu Weixiong, or the alternative Director when Mr. Liu Weixiong has conflict of interest, shall communicate with the Company Secretary, provide all available details of the potential transactions (such as parties, nature, major terms and transaction amount), and request a preliminary analysis on compliance requirements. The preliminary analysis includes the categorization of the potential transaction (assessing whether the potential transaction falls within the ordinary and usual course of business of the Group, and cross-referencing the counterparty against the list of connected persons), and evaluation of the fairness and reasonableness of the potential transaction. The Company Secretary is responsible for computing the size tests threshold to determine the classification of the potential transaction. Based on the preliminary analysis, whether any of the compliance procedures (such as reporting, disclosure and shareholders' approval) required under the Listing Rules will be recommended to the Board. Where necessary, the Company Secretary will seek advice from professional advisers' on the precise compliance requirements.
- (iv) The designated executive Director, Mr. Liu Weixiong, or the alternative Director when Mr. Liu Weixiong has conflict of interest, and the Company Secretary are jointly responsible for ensuring that all compliance procedures under the Listing Rules are satisfied before any relevant transactions are conducted. The relevant transactions will not be conducted before the required procedures has been fully complied with according to the Listing Rules.

LETTER FROM THE BOARD

Going forward, the Company will continue to comply with the requirements under the Listing Rules by performing the relevant corporate governance procedures and making appropriate disclosures in a timely manner to ensure compliance with the Listing Rules.

Internal Control Review

On 25 March 2026, the Company engaged BT Corporate Governance Limited as Internal Control Adviser to conduct a thorough review of and make recommendations to the internal control systems of the Company, to enhance the internal control systems of the Company, properly implement the notifiable transactions and connected transactions, and ensure future compliance with the Listing Rules.

The internal review process is expected to proceed in two phases. The first phase has involved a comprehensive review of the deficiencies of the internal control systems and procedures in relation to the disclosure of notifiable and connected transactions regarding this non-compliance incident and the recommendations for remedial actions. The internal control report for the first phase was issued in middle of May 2026. The second phase will involve a re-examination of whether the recommendations for the remedial actions to the internal control systems and procedures in relation to the disclosure of notifiable and connected transactions have been fully implemented and enforced, which is expected to be completed by the end June 2026. Further announcement(s) will be made by the Company on the findings, recommendations and the results of the implementation of remedial actions as and when appropriate or required.

At the first phase, the key internal control findings indicated that the existing policies and procedures were not sufficiently comprehensive, and that the internal control procedures relating to the identification and disclosure of notifiable and connected parties and transactions, the maintenance of the connected persons list, and training arrangements should be further strengthened.

LETTER FROM THE BOARD

Summarised below are the identified internal control deficiencies and recommendations:

Identified internal control deficiencies

The Company has established a written Corporate Governance Policy, which includes definitions of connected persons and connected transactions, the division of responsibilities for information disclosure, and disclosure procedures. However, during the internal control review, it was noted that monitoring of notifiable transactions and connected transactions primarily relies on management's experience and judgement, while the relevant written documentation and standardised operating procedures have yet to be further elaborated and incorporated into the existing policies and procedures.

Recommendations

The Group is recommended to establish comprehensive internal control mechanisms and document the relevant details in the existing policy and procedures for monitoring of notifiable transactions and connected transactions, which should include but not limit to:

- (1) periodic monitoring, updating and identification of connected transactions and connected persons;
- (2) maintenance of the connected persons list and procedures for contract management regarding connected party transaction;
- (3) declaration of interests by substantial Shareholders, Directors and senior management and;
- (4) internal control over management, accounting records, and compliance, and monitoring of terms and pricing fairness in regard to connected transactions;
- (5) procedures of connected transaction and approval;
- (6) disclosure procedures for connected transactions and notifiable transactions; and
- (7) monitoring of the annual caps of continuing connected transactions.

LETTER FROM THE BOARD

Identified internal control deficiencies

While the Directors (including executive Directors, non-executive Directors, and independent non-executive Directors), and senior management of the Group have made regular declarations of their interests with connected persons, the substantial Shareholders have not made such regular declarations. Under these circumstances it is difficult for the Group to ensure that substantial Shareholders, Directors, and senior management have properly disclosed all interests with connected persons, or to timely identify their relationships with connected persons and potential conflicts of interest.

Although the executive Directors and senior management of the Company have consistently overseen potential conflicts of interest during routine operations, the relevant written records were not promptly compiled and incorporated into the list of connected persons, resulting in the list not being updated in a timely manner. Under these circumstances, it is difficult for the Group to identify connected persons and potential connected transactions in a timely manner.

Recommendations

The Group is recommended to require the substantial Shareholders, Directors (including executive Directors, non-executive Directors, and independent non-executive Directors), and senior management to submit the declarations of interest with connected persons annually and to promptly provide written notification of any material changes in such interests. The declaration should include the key information such as details of connected persons (including individuals and corporations), explanations of relationships with connected persons, and shareholdings in connected persons (if applicable). All signed declarations should be properly filed and maintained by the Company Secretary for further reference.

The Group is recommended to prepare a list of connected persons in accordance with the declarations of interest with connected persons submitted by the substantial Shareholders, Directors, and senior management, which should be approved by the Board. The approved list of connected persons should be circulated by the Company Secretary to all relevant business units and departments via email to facilitate the timely identification of potential connected transactions.

LETTER FROM THE BOARD

Identified internal control deficiencies

When the Guarantee Agreements were entered into in 2025, the management of the subsidiaries of the Group was not fully aware that such arrangements might constitute connected transactions under the Listing Rules. In addition, due to a misunderstanding of the definition and scope of connected transactions, the relevant circumstances were not identified at the preliminary assessment stage and, therefore, were not reported to the executive Director and the Company Secretary in a timely manner for compliance guidance.

Meanwhile, it was noted that the Group has not engaged external professional persons to provide regular training to Directors and senior management in relation to notifiable transactions and connected transactions.

Recommendations

The Group is recommended to provide ongoing training to all Directors, senior management and other relevant personnel who may be exposed to notifiable transactions and/or connected transactions to strengthen relevant individuals' understanding and implementation of the Group's internal policies and procedures, the Listing Rules, as well as related laws and regulatory compliance requirements.

In addition, the Company Secretary should proactively confirm, on a regular basis (e.g., monthly), whether any transactions entered into by the Group fall within the scope of notifiable transactions under Chapter 14 of the Listing Rules, and should work closely with legal advisers to ensure timely compliance with the applicable notification, announcement and Shareholders' approval requirements, where applicable.

For Continuing Connected Transactions

The Company has adopted the following internal management procedures to ensure that the continuing connected transactions contemplated under the Cross-guarantee Agreement are fair and reasonable and on normal commercial terms:

- (i) the financial controller and the general manager of Fushun Xingzhou are responsible for the information collection and monitoring of the execution of specific transactions under the separate guarantee agreements. Whenever there is any proposed addition to or amendment of the provision of guarantee involving connected persons, they are strictly required to report it immediately to Mr. Liu Weixiong. In addition, the Company Secretary will perform reviews of the provision of guarantee quarterly to make sure the guaranteed amount does not exceed the proposed annual caps;
- (ii) Mr. Liu Weixiong and the Company Secretary are responsible for conducting regular reviews on compliance with relevant laws, regulations, company policies and the Listing Rules, and evaluating the fairness of the transaction terms under the separate guarantee agreements for the Cross-guarantee;
- (iii) the audit committee of the Company shall monitor the implementation of individual guarantee and examine the fairness and reasonableness of the guarantee to be provided by Fushun Xingzhou under the Cross-guarantee Agreement;

LETTER FROM THE BOARD

- (iv) the independent non-executive Directors will conduct annual review for the implementation and execution of continuing connected transactions to ensure that the continuing connected transactions under the Cross-guarantee Agreement are on normal commercial terms, and fair and reasonable; and
- (v) the external auditors of the Company will conduct year end audit, and provide its opinions and letter to the Board regarding the annual caps of continuing connected transactions of the Group conducted during the previous financial year in accordance with the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors (namely, Ms. Chan Ching Yi, Ms. Li Yun and Mr. Li Wubo) has been formed to advise and provide recommendation to the Independent Shareholders on (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the proposed annual caps.

Lego Corporate Finance Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder, and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the proposed annual caps.

THE SGM

The notice of the SGM to be held at Room 3, 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong, at 11:45 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 11:00 a.m. on the same day and at the same place) on Friday, 26 June 2026 is set out on pages 56 to 57 of this circular.

In order to be eligible to attend and vote at the SGM, all properly completed transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 18 June 2026.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed proxy form for the SGM in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM (i.e. at or before 11:45 a.m. on 24 June 2026 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

As at the Latest Practicable Date, Mr. Wu Qi, a substantial Shareholder of the Company, is holding 30% equity interest in Fushun Zongchuan, and a director of Fushun Huawei and a supervisor of Fushun Zongchuan. Accordingly, Mr. Wu Qi has material interest in the provision of the Guarantee I (as extended by the Extended Guarantee Agreement I), the Guarantee II and the Guarantee III and the provision of the Cross-guarantee, and will abstain from voting at the SGM.

RECOMMENDATION

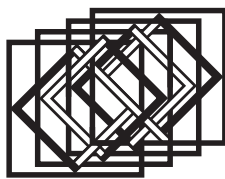
The Directors are of the opinion that (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the proposed annual caps, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and accordingly recommend the Independent Shareholders to vote in favour of the relevant resolutions set out in the notice of the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 26 to 28 of this circular, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 29 to 51 of this circular and the information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Pak Tak International Limited
Wu Zongchuan
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

11 June 2026

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION
TO PROVISION OF GUARANTEES;
AND
CONTINUING CONNECTED TRANSACTION AND
DISCLOSEABLE TRANSACTION IN RELATION
TO PROVISION OF CROSS-GUARANTEE**

We refer to the circular issued by the Company to the Shareholders dated 11 June 2026 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meaning in this letter unless the context otherwise requires.

Under the Listing Rules, the (i) the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder, and (ii) the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated under the Cross-guarantee Agreement and the proposed annual caps, shall be subject to the approval of the Independent Shareholders at the SGM.

** For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder, and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the proposed annual caps, are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder, and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the proposed annual caps. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 29 to 51 of the Circular. Your attention is also drawn to the “Letter from the Board” of the Circular and the additional information set out in the appendix to the Circular.

Having considered (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the proposed annual caps, and taken into account the advice of the Independent Financial Adviser, we consider that (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder, and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the proposed annual caps, are entered into on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to (i) approve and ratify the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) approve the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated under the Cross-guarantee Agreement and the proposed annual caps.

Yours faithfully,
for and on behalf of
Independent Board Committee
PAK TAK INTERNATIONAL LIMITED

Ms. Chan Ching Yi
Independent
non-executive Director

Ms. Li Yun
Independent
non-executive Director

Mr. Li Wubo
Independent
non-executive Director

LETTER FROM LEGO CORPORATE FINANCE LIMITED

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II, the Guarantee Agreement III and the transactions contemplated thereunder, the Cross-guarantee Agreement, the transactions contemplated thereunder and the related proposed annual caps, which has been prepared for the purpose of inclusion in this circular.



11 June 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sirs/Madams,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
IN RELATION TO PROVISION OF GUARANTEES;
AND
CONTINUING CONNECTED TRANSACTION
AND
DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION
OF CROSS-GUARANTEE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the proposed annual caps for the three years ending 31 December 2028 (the “**Proposed Annual Caps**”), details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 11 June 2026 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

References are made to the announcements of the Company dated 18 March 2026, 17 April 2026 and 24 April 2026, in relation to, among other things, the connected transactions in relation to provision of Guarantees and the continuing connected transaction and discloseable transaction in relation to provision of Cross-guarantee.

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On 19 February 2025, Fushun Xingzhou, the Bank, Fushun Huawei, Fushun Zongchuan and Wenzhou Qize entered into the Guarantee Agreement I, which extended the guarantee for the Facility I (the term of the Facility I was extended from 28 February 2025 to 2 February 2026), in relation to the provision of guarantee for the due performance of the repayment obligation of Fushun Huawei to the Facility I with the amended principal amount of up to RMB16,000,000 obtained by Fushun Huawei from the Bank.

On 11 March 2026, Fushun Xingzhou, the Bank, Fushun Huawei, Fushun Zongchuan, Wenzhou Qize Liaoning Zongchuan, Mr. Wu Zongchuan, Ms. Ouyang Liming (spouse of Mr. Wu Zongchuan), Mr. Wu Qi, Ms. Mao Junfei (spouse of Mr. Wu Qi) and another Independent Third Party (as guarantors) entered into the Extended Guarantee Agreement I for the Guarantee I in respect of the Facility I (the term of the Facility I is further extended from 2 February 2026 to 2 June 2026) with the amended principal amount of up to RMB14,720,000.

The Facility I was granted by the Bank to Fushun Huawei in around June 2017, with the original principal amount of up to RMB50,000,000 for an original term of two years. The purpose of the Facility I is for the payment of construction fees by Fushun Huawei. Since June 2019, the term of the Facility I has been extended for several times, during which Fushun Huawei has repaid RMB35,280,000 under the Facility I. As at the Latest Practicable Date, the remaining balance under the Facility I is RMB14,720,000.

According to the Letter from the Board, as informed by Fushun Huawei, the repayment of the remaining balance of RMB14,720,000 under Facility I is being processed, and the Guarantee I will not be extended.

On 1 December 2025, Fushun Xingzhou and the Bank entered into two guarantee agreements respectively, (i) the Guarantee Agreement II in relation to the provision of guarantee for the due performance of the repayment obligation of Fushun Zongchuan to the Facility II with the principal amount of up to RMB40,000,000 obtained by Fushun Zongchuan from the Bank; and (ii) the Guarantee Agreement III in relation to the provision of guarantee to the Facility III with the principal amount of up to RMB80,000,000 obtained by Fushun Zongchuan from the Bank.

The facility agreement in relation to the Facility II was entered into between Fushun Zongchuan and the Bank on 1 December 2025, pursuant to which the Bank has agreed, subject to the terms and conditions contained therein, to grant to Fushun Zongchuan the Facility II with the principal amount of up to RMB40,000,000 for 12 months (i.e. from 10 December 2025 to 9 December 2026). The Facility II is used for the repayment of loan to the Bank, the purpose of which is payment for ore purchasing.

The facility agreement in relation to the Facility III was entered into between Fushun Zongchuan and the Bank on 1 December 2025, pursuant to which the Bank has agreed, subject to the terms and conditions contained therein, to grant to Fushun Zongchuan the Facility III with the principal amount of up to RMB80,000,000 for 12 months (i.e. from 1 December 2025 to 30 November 2026). The Facility III is used for the repayment of loan to the Bank, the purpose of which is payment for ore purchasing.

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On 24 April 2026, Fushun Xingzhou, Fushun Huawei and Fushun Zongchuan entered into the Cross-guarantee Agreement, pursuant to which Fushun Xingzhou, Fushun Zongchuan and Fushun Huawei will establish a mutual guarantee system for a term from 24 April 2026 to 31 December 2028 in relation to the facility granted by the Bank, subject to the Independent Shareholders' approval at the SGM.

LISTING RULES IMPLICATIONS

Fushun Zongchuan is held as to 40%, 30% and 30% by Mr. Wu Zongchuan, Ms. Wu Shasha and Mr. Wu Qi, respectively. Fushun Huawei is wholly-owned by Fushun Zongchuan. Reference is made to the announcements of the Company dated 29 February 2024, 24 June 2024, 30 September 2024 and 31 December 2024, and the circular of the Company dated 28 June 2024, in relation to, among other things, the acquisition (the “**Acquisition**”) of the entire issued share capital of Zongchuan Investment Group Co., Limited (as the target company, which indirectly holds 96.62% of the equity interest in Fushun Xingzhou) by the Company (as purchaser) from Zongchuan Investment Holding Co., Limited (as vendor, which is wholly-owned by Mr. Wu Qi). Upon completion of the Acquisition on 31 December 2024, 950,000,000 Shares (representing 16.87% of the issued share capital of the Company) were issued by the Company as consideration shares to Zongchuan Investment Holding Co., Limited, therefore Mr. Wu Qi has become a substantial Shareholder of the Company. As such, Fushun Huawei and Fushun Zongchuan have become the associates of Mr. Wu Qi and therefore become connected persons of the Company under Chapter 14A of Listing Rules since 31 December 2024. Reference is also made to the announcement of the Company dated 21 May 2025, in relation to, among other things, the appointment of Mr. Wu Zongchuan as an executive Director, the chairman of the Board and the chief executive officer of the Company. As such, Fushun Huawei and Fushun Zongchuan have also become the associates of Mr. Wu Zongchuan and therefore connected persons of the Company under Chapter 14A of Listing Rules.

As a result, entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder respectively constituted connected transactions of the Company under Chapter 14A of the Listing Rules, and entering into of the Cross-guarantee Agreement and the transactions contemplated thereunder constituted continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Wenzhou Qize, one of the guarantors of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), is held as to 60%, 20% and 20% by Ms. Ouyang Liming (spouse of Mr. Wu Zongchuan), Ms. Wu Shasha and Mr. Wu Qi, respectively. Accordingly, Wenzhou Qize is an associate of Mr. Wu Zongchuan and therefore a connected person of the Company under the Listing Rules.

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Provision of Guarantees

Given the parties to the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III are connected with one another, the transactions contemplated under the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio for the provision of the Guarantee I (as extended by the Extended Guarantee Agreement I), the Guarantee II and the Guarantee III, on an aggregate basis, exceeded 5% but less than 25%, the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder should be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder also constituted discloseable transaction of the Company under Chapter 14 of the Listing Rules and would therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Company should have complied with the relevant reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules in respect of the provision of the Guarantees, as and when such obligations arose. Regrettably, the Board had overlooked the obligation to comply with the requirements under Chapter 14 and Chapter 14A of the Listing Rules.

In relation to the guarantee provided by Fushun Zongchuan to Fushun Xingzhou for the facilities granted by the Bank, upon partial repayment of RMB18,700,000 made by Fushun Xingzhou to the Bank since 2024, as at the Latest Practicable Date, Fushun Zongchuan provides a guarantee at the total amount of RMB356,300,000 in favor of Fushun Xingzhou. The provision of guarantees by Fushun Zongchuan to Fushun Xingzhou (i) is conducted on normal commercial terms or better; and (2) is not secured by the assets of the Group. As such, the guarantee is fully exempted from all compliance requirements pursuant to Rule 14A.90 of the Listing Rules.

Provision of Cross-guarantee

As the highest applicable percentage ratio for the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan under the Cross-guarantee Agreement exceeds 5% but less than 25%, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan in respect of contemplated under the Cross-guarantee Agreement shall be subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the entering into of the Cross-guarantee Agreement and the transactions contemplated thereunder also constituted discloseable transaction of the Company under Chapter 14 of the Listing Rules and would therefore be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The provision of guarantee by Fushun Huawei and/or Fushun Zongchuan to Fushun Xingzhou under the Cross-guarantee Agreement (i) is conducted on normal commercial terms or better; and (ii) is not secured by the assets of the Group, therefore the provision of guarantee by Fushun Huawei and/or Fushun Zongchuan to Fushun Xingzhou contemplated under the Cross-guarantee Agreement is fully exempted pursuant to Rule 14A.90 of the Listing Rules. The amount of guarantee to be provided by Fushun Huawei and/or Fushun Zongchuan to Fushun Xingzhou shall be subject to the actual amount of facility granted by the Bank to Fushun Xingzhou without annual cap.

OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we are qualified to give independent advice in respect of the fairness and reasonableness of (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the Proposed Annual Caps.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, amongst other things, (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company and its advisers; (iii) the opinions expressed by and the representations of the management of the Group (the “**Management**”); (iv) the agreements in relation to the Facility I, Facility II and Facility III; (v) the agreements in relation to the Guarantees; (vi) the Cross-guarantee Agreement; (vii) the annual reports of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”) and the year ended 31 December 2025 (the “**2025 Annual Report**”); and (viii) our review of the relevant public information.

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We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the Management for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the SGM and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the SGM.

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

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed annual caps, and except for its inclusion in the Circular and for the purpose of the SGM, 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in respect of the agreements in relation to the Guarantees and the Cross-guarantee, the transactions contemplated thereunder and the Proposed Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group and the parties to the agreements in relation to the Guarantees and the Cross-guarantee

Information of the Group and Fushun Xingzhou

The Group is principally engaged in supply chain business (including the iron ore mining and milling), hotel management and catering services and the property investment.

Fushun Xingzhou is a limited liability company established in the PRC and is principally engaged in iron ore mining and milling in Fushun region, holding a mining license with validity period until July 2049. Fushun Xingzhou has become an indirectly non-wholly-owned subsidiary of the Company since 31 December 2024. Fushun Xingzhou is indirectly held as to 96.62% by the Company.

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The table below sets out a summary of the consolidated financial results of the Group for the three years ended 31 December 2025, as extracted from the 2024 Annual Report and 2025 Annual Report:

	For the year ended 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	422,492	674,764	769,205
Loss for the year	(202,150)	(229,199)	(240,951)
	As at 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Total assets	948,240	1,815,477	1,740,514
Total liabilities	580,986	1,211,274	1,353,512
Net assets	367,254	604,203	387,002

For the year ended/as at 31 December 2025

For the year ended 31 December 2025, the Group's revenue amounted to approximately HK\$769.2 million, which has increased by approximately HK\$94.4 million or 14.0% as compared to that of the year ended 31 December 2024. According to the 2025 Annual Report, the increase in revenue was mainly driven by the new revenue segment from the sale of goods in iron ore mining and milling of approximately HK\$237.1 million, partially offset by a decrease of approximately HK\$117.7 million, which represented a 20.5% decrease in the sale of goods from the supply chain business.

The Group reported a loss of approximately HK\$241.0 million for the year ended 31 December 2025. This compares to a loss of approximately HK\$229.2 million in the prior year, representing an increase of the loss by approximately 5.1%. According to the 2025 Annual Report, such increase in loss was mainly due to (i) the significant increase in expected credit losses on trade and other receivables of approximately HK\$80.5 million; (ii) the increase in overall costs, including direct costs as well as operating and administrative expenses, following the completion of the acquisition of the mining business; (iii) the increase in finance costs of approximately HK\$27.4 million, mainly attributable to bank loans maintained by the mining business; and (iv) the increase in the fair value losses of approximately HK\$26.2 million on investment properties. These increases were partially offset by a significant decrease in the goodwill impairment loss of approximately HK\$164.6 million recorded in 2024.

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As at 31 December 2025, total assets of the Group amounted to approximately HK\$1,740.5 million, which mainly comprised (i) property, plant and equipment of approximately HK\$657.2 million; (ii) trade and other receivables of approximately HK\$442.5 million; (iii) investment properties of approximately HK\$227.3 million; (iv) intangible assets of approximately HK\$204.8 million; and (v) right-of-use assets of approximately HK\$114.5 million. As at 31 December 2025, total liabilities of the Group amounted to approximately HK\$1,353.5 million, which mainly comprised (i) borrowings of approximately HK\$761.3 million; (ii) trade payables of approximately HK\$288.5 million; (iii) other payables and accrued charges of approximately HK\$167.4 million; and (iv) deferred tax liabilities of approximately HK\$74.9 million.

For the year ended/as at 31 December 2024

For the year ended 31 December 2024, the Group's revenue amounted to approximately HK\$674.8 million, which has increased by approximately HK\$252.3 million or 59.7% as compared to that of the year ended 31 December 2023. According to the 2024 Annual Report, the increase in revenue was mainly driven by the recovery performance in the supply chain business of approximately HK\$575.9 million as compared to the segment revenue of approximately HK\$298.3 million for the prior year, partially offset by the decrease of approximately HK\$25.3 million, which represented a 20.8% decrease, in the sale of food and beverage products from the hotel management and catering services segment. Moreover, the management fee income from hotel management services for the year ended 31 December 2024 decreased by approximately HK\$4.3 million, which represented a 28.7% decrease as compare to that of the year ended 31 December 2023.

The Group reported a loss for the year of approximately HK\$229.2 million for the year ended 31 December 2024. This compares to a loss of approximately HK\$202.2 million in the prior year, representing an increase of the loss by approximately 13.4%. According to the 2024 Annual Report, the increase in loss was primarily driven by the impairment loss on goodwill of approximately HK\$164.6 million, which was partially offset by reduction of approximately HK\$40.9 million in fair value losses on investment properties and a decrease of approximately HK\$84.2 million in impairment losses under the expected credit loss model.

As at 31 December 2024, total asset of the Group amounted to approximately HK\$1,815.5 million, which mainly comprised (i) property, plant and equipment of approximately HK\$591.6 million; (ii) right-of-use assets of approximately HK\$117.5 million; (iii) investment properties of approximately HK\$256.0 million; (iv) intangible assets of approximately HK\$206.4 million; and (v) trade and other receivables of approximately HK\$568.4 million. As at 31 December 2024, total liabilities of the Group amounted to approximately HK\$1,211.3 million, which mainly comprised (i) borrowings of approximately HK\$744.7 million; (ii) trade payables of approximately HK\$194.5 million; (iii) other payables and accrued charges of approximately HK\$101.7 million; and (iv) deferred tax liabilities of approximately HK\$86.2 million.

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Information of Fushun Huawei and Fushun Zongchuan

Fushun Huawei is a limited liability company established in the PRC and was principally engaged in trading of mineral products and mining resource investment and does not have substantial operation currently. Fushun Huawei is wholly-owned by Fushun Zongchuan. Mr. Wu Qi is a director of Fushun Huawei.

Fushun Zongchuan is a limited liability company established in the PRC. It is an investment holding company and its subsidiaries are principally engaged in provision of mining engineering contracting construction services as well as underground mining operation. Fushun Zongchuan is held as to 40%, 30% and 30% by Mr. Wu Zongchuan, Ms. Wu Shasha and Mr. Wu Qi, respectively. Mr. Wu Zongchuan is a director and Mr. Wu Qi is a supervisor of Fushun Zongchuan. Ms. Wu Shasha is the daughter and Mr. Wu Qi is the son of Mr. Wu Zongchuan.

Mr. Wu Zongchuan is an executive Director, the chairman of the Board, and chief executive officer of the Company. Mr. Wu Qi is a substantial Shareholder of the Company. Accordingly, Fushun Huawei and Fushun Zongchuan are associates of Mr. Wu Zongchuan and Mr. Wu Qi, and therefore connected persons of the Company under Chapter 14A of the Listing Rules.

Information of Wenzhou Qize

Wenzhou Qize is a limited liability company established in the PRC. It was principally engaged in provision of mining and extraction of mineral resources, and does not have substantial operation currently. Mr. Wu Qi is the director of Wenzhou Qize. Wenzhou Qize is held as to 60%, 20% and 20% by Ms. Ouyang Liming (spouse of Mr. Wu Zongchuan), Ms. Wu Shasha and Mr. Wu Qi, respectively. Accordingly, Wenzhou Qize is an associate of Mr. Wu Zongchuan and therefore a connected person of the Company under the Listing Rules.

Liaoning Zongchuan

Liaoning Zongchuan is a limited liability company established in the PRC. It was principally engaged in general contracting of mining engineering construction and building installation and does not have substantial operation currently. Mr. Wu Qi is the director and Ms. Wu Shasha is the supervisor of Liaoning Zongchuan. Liaoning Zongchuan is held as to 53.33%, 23.33% and 23.33% by Mr. Wu Zongchuan, Ms. Wu Shasha and Mr. Wu Qi, respectively. Liaoning Zongchuan is an associate of Mr. Wu Zongchuan and therefore a connected person of the Company under the Listing Rules.

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Information of the Bank

The Bank is a licensed commercial bank established in Fushun city, Liaoning Province, the PRC, principally engaged in the provision of a range of banking services and related financial services.

Based on the public record, the Bank has a diverse shareholding structure with more than 10 ultimate beneficial owners, none of whom owns 30% or more interest of the Bank. The top three shareholders of the Bank are Haochen Medical Technology Co., Ltd.* (皓宸醫療科技股份有限公司) (“**Haochen Medical**”), Donghui Big Health Industry Co., Ltd.* (東匯大健康產業股份有限公司) (“**Donghui Big Health**”) and Liaoyang County Xiaodongshan Mining Co., Ltd.* (遼陽縣小東山礦業有限公司) (“**Xiaodongshan Mining**”), holding approximately 15.44%, 12.48% and 10.21% interest in the Bank. Haochen Medical is a company listed on the Shenzhen Stock Exchange (stock code: 002622.SZ). Donghui Big Health is held as to 11.38% by Li Huizhi (李慧智) and 80% by Donghui Investment Holding Group Co., Ltd.* (東匯投資控股集團有限公司), which is in turn held as to 57.90%, 19.00%, 19.00% and 4.10% by Li Huizhi (李慧智), Li Jingqi (李京奇), Li Jingsi (李京思) and Chen Xiaohong (陳小紅), respectively. Xiaodongshan Mining is held as to 99.00% and 1.00% by Zhang Qingsheng (張慶勝) and Jiang Haiying (姜海英), respectively.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Bank and its ultimate beneficial owner are Independent Third Parties.

2. Reasons for and benefits of the provision of the Guarantees and the Cross-guarantee

As disclosed in the Letter from the Board, the provision of the Guarantees and provision of the Cross-guarantee aligns with standard industry practices, where the enterprises in the mining sector commonly engage in reciprocal guarantee arrangements to mutually support access to bank financing and enhance operational efficiency. Due to the nature of mining operations which involves significant risks (such as commodity price fluctuations, geological uncertainties, regulatory changes, environmental liabilities, and operational hazards, etc.), banks routinely require mutual guarantees as a condition for providing financing to enterprises in the mining sector. Mutual guarantee arrangements can provide the collective financial strength to support the borrowings and reduce the perceived risk for banks. This approach establishes a safety net that enhances financial access and shares risks among the enterprises involved in mining industry, and supports their sustainability and growth in the mining industry, which becomes a norm in the industry.

Based on our discussions with the Management and the agreements obtained in relation to the relevant guarantees, we are given to understand that Fushun Huawei, Fushun Zongchuan and Fushun Xingzhou have established and maintained a longstanding cooperative relationship in Fushun region for more than six years, during which they have been providing guarantees to each other.

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Since December 2020, Fushun Xingzhou has been acting as a guarantor for Fushun Zongchuan for several facilities granted by the Bank with maximum principal amount of up to RMB120,000,000, used for ore purchase and loan repayments of Fushun Zongchuan. Since June 2019, Fushun Xingzhou has been acting as a guarantor for Fushun Huawei for several facilities granted by the Bank with maximum principal amount of up to RMB50,000,000, used for project construction payments and loan repayments of Fushun Huawei.

On the other hand, since December 2019, Fushun Zongchuan has been acting as a guarantor for Fushun Xingzhou for several facilities granted by the Bank with maximum principal amount of up to RMB375,000,000, used for project construction payments and loan repayments of Fushun Xingzhou. According to the guarantee agreements entered into between Fushun Xingzhou, Fushun Zongchuan, and the Bank dated 22 February 2023 and 1 December 2025, as at the Latest Practicable Date, Fushun Zongchuan provides a corporate guarantee at the total amount of RMB356,300,000 in favor of Fushun Xingzhou.

Based on the aforesaid, it is demonstrated that the provision of guarantees by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan, as part of the mutual financial support within the enterprises in the mining sector, is not only essential and beneficial for Fushun Xingzhou to obtain and ensure its financial stability in return (where other enterprises in the mining sector (including Fushun Huawei and Fushun Zongchuan) provide corporate guarantees), but also contributes to the sustainability of local mining operations and business continuity in Fushun. Participation in the mutual guarantee arrangement is beneficial for Fushun Xingzhou to obtain bank facilities to support the long-term and stable development of the Group's mining business with the establishment of mutual cooperation relationship relating to provision of cross guarantee with enterprises possessing certain strengths.

Having considered the abovementioned, the Management (other than Mr. Wu Zongchuan who has abstained from voting, and excluding the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) if of the view, and we concur, that although the provision of the Guarantees and the Cross-guarantee are not conducted in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole.

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3. **Principal terms of the agreements in relation to the Guarantees and the Cross-guarantee Agreement**

The principal terms of the of the agreements in relation to the Guarantees and the Cross-guarantee Agreement are set out as follows:

Guarantee Agreement I (as extended by the Extended Guarantee Agreement I)

Date

19 February 2025

Parties

- (1) the Bank (as lender);
- (2) Fushun Huawei (as borrower and guarantor);
- (3) Fushun Xingzhou (as guarantor);
- (4) Fushun Zongchuan (as guarantor); and
- (5) Wenzhou Qize (as guarantor)

Guaranteed Amount

RMB16,000,000 (The guaranteed amount was amended to RMB14,720,000 pursuant to the Extended Guarantee Agreement I entered into among the Bank, Fushun Xingzhou, Fushun Zongchuan, Wenzhou Qize and other parties (as guarantors) on 11 March 2026.)

Term

Three years from the date of expiry of the repayment obligation of Fushun Huawei for the Facility I (i.e. from 2 June 2026 to 1 June 2029)

Nature

Joint and several liability

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Scope of the Guarantee I

1. the principal amount and interest (including statutory interest, agreed interest, compound interest, and penalty interest), liquidated damages, and compensation damages; and
2. all expenses incurred by the Bank in exercising its enforcement rights under the Guarantee Agreement I (including without limitation, legal expenses, litigation and arbitration costs, attestation costs, valuation costs, auction costs, and enforcement costs).

Guarantee Agreement II

Date

1 December 2025

Parties

- (1) the Bank (as lender); and
- (2) Fushun Xingzhou (as guarantor)

Guaranteed Amount

RMB40,000,000

Term

Three years from the date of expiry of the repayment obligation of Fushun Zongchuan for the Facility II (i.e. from 9 December 2026 to 8 December 2029)

Nature

Joint and several liability

Scope of the Guarantee II

1. the principal amount and interest (including statutory interest, agreed interest, compound interest, and penalty interest), liquidated damages, and compensation damages; and
2. all expenses incurred by the Bank in exercising its enforcement rights under the Guarantee Agreement II (including without limitation, legal expenses, litigation and arbitration costs, attestation costs, valuation costs, auction costs, and enforcement costs).

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Guarantee Agreement III

Date

1 December 2025

Parties

- (1) the Bank (as lender); and
- (2) Fushun Xingzhou (as guarantor)

Guaranteed Amount

RMB80,000,000

Term

Three years from the date of expiry of the repayment obligation of Fushun Zongchuan for the Facility III (i.e. from 30 November 2026 to 29 November 2029)

Nature

Joint and several liability

Scope of the Guarantee III

1. the principal amount and interest (including statutory interest, agreed interest, compound interest, and penalty interest), liquidated damages, and compensation damages; and
2. all expenses incurred by the Bank in exercising its enforcement rights under the Guarantee Agreement III (including without limitation, legal expenses, litigation and arbitration costs, attestation costs, valuation costs, auction costs, and enforcement costs).

Cross-guarantee Agreement

Date

24 April 2026

Parties

- (1) Fushun Xingzhou;
- (2) Fushun Huawei; and
- (3) Fushun Zongchuan

LETTER FROM LEGO CORPORATE FINANCE LIMITED

Term

From 24 April 2026 to 31 December 2028, subject to the Independent Shareholders' approval at the SGM

Nature

Fushun Xingzhou, Fushun Zongchuan and Fushun Huawei will provide guarantee mutually to each other in relation to the facility granted by the Bank. The Cross-guarantee is joint and several liability.

Separate guarantee agreements:

Fushun Xingzhou, Fushun Zongchuan and Fushun Huawei shall enter into separate guarantee agreement for the specific guarantee to be provided in relation to the specific facility to be granted by the Bank.

Scope of the Cross-guarantee:

The scope of the Cross-guarantee includes the principal amount and interest (including statutory interest, agreed interest, compound interest, and penalty interest), liquidated damages, and compensation damages; and all expenses incurred by the Bank in exercising its enforcement rights under the respective facility agreements (including without limitation, litigation costs, arbitration costs, property preservation fee, travel expenses, enforcement costs, valuation costs, auction costs, attorney fees and publication costs).

4. The Proposed Annual Caps

The table below sets out the Proposed Annual Caps of the amount of guarantee to be provided by Fushun Xingzhou to each of Fushun Huawei and Fushun Zongchuan under the Cross-guarantee Agreement for each of the three years ending 31 December 2028:

	Proposed Annual Caps for the year ending 31 December		
	2026	2027	2028
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Provision of guarantee by Fushun Xingzhou to Fushun Huawei	15,000	15,000	15,000
Provision of guarantee by Fushun Xingzhou to Fushun Zongchuan	120,000	120,000	120,000

LETTER FROM LEGO CORPORATE FINANCE LIMITED

As disclosed in the Letter from the Board, when determining the basis for the Proposed Annual Caps of the amount of guarantees to be provided by Fushun Xingzhou, the following factors are mainly considered by the Management: (a) the historical amount and actual usage of the mutual provision of guarantee in the past; (b) the financing needs of Fushun Huawei and Fushun Zongchuan for the coming years; (c) the financial condition, guarantee capacity, and risk tolerance of Fushun Xingzhou; and (d) the impact of the macroeconomic environment, industry development trends, and relevant policies and regulations on the financing activities of all parties.

Fushun Huawei was principally engaged in the trading of mineral products and mining resource investment and does not have substantial operation currently. Its financial obligation is primarily relating to the repayment of an existing facility, the original proceeds of which were utilised for payment of construction fees. Historically, it has required bank facilities of up to RMB50,000,000 since June 2019. The proposed annual cap set at RMB15,000,000 is based on the amended principal amount of RMB14,720,000 under the Extended Guarantee Agreement I. Notwithstanding that Fushun Huawei is in the process to repay the outstanding balance of the Facility I, the proposed annual cap of RMB15,000,000 provides the flexibility to accommodate the possible guarantee to be provided to Fushun Huawei in the future.

Fushun Zongchuan focuses on providing mining engineering contracting and construction services. Its operations require capital for ore purchases and loan repayments, utilising historical bank facilities of up to RMB120,000,000 since December 2020. Its ongoing financing requirements are supported by the Facility II and Facility III, and the proposed annual cap of RMB120,000,000. This proposed annual cap is primarily designated for the repayment of the original loans used to fund the ore purchasing activities.

Taking into account the Proposed Annual Caps are (i) set at the same practical level as the Guarantee Agreements; (ii) facilitating the refinancing and repayment of existing debt obligations incurred for essential mining operations; and (iii) the Proposed Annual Caps facilitate a reciprocal guarantee arrangement, the Management is of the view, and we concur, that the basis for determining the Proposed Annual Caps is fair and reasonable.

5. Assessment of the Guarantees, the Cross-guarantee and the Proposed Annual Caps

In assessing the fairness and reasonableness of the guarantee amounts of the Guarantees, we have obtained and reviewed the Guarantee Agreement I (as extended in the Extended Guarantee Agreement I), Guarantee Agreement II and Guarantee Agreement III (the “**Guarantee Agreements**”), with guarantee amounts of RMB14,720,000, RMB40,000,000 and RMB80,000,000, respectively, and noted that such guarantee amounts are agreeable to the respective principal amounts of Facility I, Facility II and Facility III (the “**Facilities**”) as stated in the facility agreements. In respect of the Proposed Annual Caps, we have obtained and reviewed the Cross-guarantee Agreement, and noted that the proposed guarantee amounts for the three years ending 31 December 2028 of RMB15,000,000 to Fushun Huawei and RMB120,000,000 to Fushun Zongchuan per year are set at similar/same level as compared to the guarantee amounts in the Guarantee Agreements.

LETTER FROM LEGO CORPORATE FINANCE LIMITED

Meanwhile, according to the guarantee agreements entered into between Fushun Xingzhou, Fushun Zongchuan, and the Bank dated 22 February 2023, 1 December 2025 and 11 March 2026, as at the Latest Practicable Date, Fushun Zongchuan provides a corporate guarantee at the total amount of RMB356,300,000 in favour of Fushun Xingzhou, which is higher than (i) the guarantee amounts under the Guarantee Agreements; and (ii) the Proposed Annual Caps under the Cross-guarantee Agreement. Further to our discussion with the Management, it is expected that the corporate guarantee amount to be provided by Fushun Zongchuan to Fushun Xingzhou will remain at similar level, taking into consideration borrowing needs of Fushun Xingzhou and the business development plans and projected financing needs of Fushun Huawei and Fushun Zongchuan for the coming years.

Taking into account (i) the guarantee amounts under the Guarantee Agreements were determined in accordance with the principal amounts of the Facilities; (ii) the guarantee amount provided by Fushun Zongchuan to Fushun Xingzhou in relevant agreements was and will continue to be higher than the guarantees to be provided by the Group, which in turn minimise the Group's potential risk in relation to the provision of Guarantees and Cross-guarantee, the Management is of the view, and we concur, that the terms of the Guarantee Agreements and the Cross-guarantee Agreement are fair and reasonable.

For due diligence purpose, we have reviewed the transactions of similar nature as the guarantees provided/to be provided by the Group to its connected persons under the Guarantee Agreements and the Cross-guarantee Agreement, based on the selection criteria as follows: (i) the guarantor is a company listed on the Main Board of the Stock Exchange, or its wholly-owned subsidiary; (ii) the principal business of the company does not involve the provision of financial guarantee services; (iii) the guarantee is provided for the purpose of borrowings of the connected person(s) of the listed company; and (iv) the transaction was announced during the period from 1 May 2025 to the Latest Practicable Date, covering a period of approximately one year prior to the Latest Practicable Date, which such coverage period is considered fair, reasonable and sufficient to provide representative and recent market samples for the purpose of our analysis. We have, on a best-effort basis, identified an exhaustive list of six comparable transactions (the “**Comparable Transactions**”) from the website of Stock Exchange based on the above selection criteria. Notwithstanding that the principal business activities and prospects of the Group are not the same as the companies identified in the Comparable Transactions, it is considered that the Comparable Transactions could provide a fair and representative reference of the recent market practices regarding the principal terms of the provision of guarantees offered by the companies listed on the Stock Exchange to its connected person(s).

LETTER FROM LEGO CORPORATE FINANCE LIMITED

The table below sets forth the summary of the principal terms of the Comparable Transactions:

Announcement Date	Stock Code	Name of company	Guarantee Amount (RMB million)	Guarantee Fee (RMB million)	Mutual Guarantee Arrangement (Y/N)	Duration of the Guarantee	Guarantee-to-Asset Ratio (Approx.)
5/6/2025	893	China Vanadium Titano-Magnetite Mining Company Limited	930	11.625	N	3 years	72.5%
12/8/2025	1252	Tianrui Group Cement Company Limited	2,500	Nil	Y	3 years	6.9%
12/9/2025	2669	China Overseas Property Holdings Limited	20	Nil	N	3 years	0.2%
12/19/2025	1313	China Resources Building Materials Technology Holdings Limited	400	Nil	N	2 years	0.6%
1/19/2026	358	Jiangxi Copper Company Limited	3,600	Nil	Y	2 years	1.5%
3/24/2026	866	China Qinfu Group Limited	315	Nil	N	4-6 years	4.7%
		Minimum	20				0.2%
		Maximum	3,600				72.5%
		Average	1,294				14.4%
		Median	665				3.1%
		The Company	15 to 120	Nil	Y	3 years	1.0% to 8.0%

Source: www.hkexnews.hk

As illustrated above, it is noted that the guarantee amounts of the Comparable Transactions ranged from RMB20.0 million to RMB3,600 million, two of which contain mutual guarantee arrangement and only one of which requires guarantee fee. Taking into account (i) the annual guarantee amounts under the Proposed Annual Caps fall within the range and are at the lower-end of those of the Comparable Transactions; (ii) the guarantee-to-asset ratios in relation to the Guarantee Agreements and the Cross-guarantee Agreement fall within the range and are at the lower-end of those of the Comparable Transactions, which ranged from approximately 0.2% to 72.5%; (iii) the Guarantee Agreements and the Cross-guarantee Agreement have no guarantee fees, which is generally in line with the terms of most of the Comparable Transactions; and (iv) the Cross-guarantee enables the Group to utilise the higher guarantee amount offered by Fushun Zongchuan, as compared to the lack of mutual guarantee arrangements in the majority of the Comparable Transactions, it is considered that the provision of the Guarantees and the Cross-guarantee are generally in line with the recent market practice, and the terms of the Guarantee Agreements and the Cross-guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

LETTER FROM LEGO CORPORATE FINANCE LIMITED

Internal Control Measures

As disclosed in the Letter from the Board, to enhance the internal control of the Group and preventing the recurrence of similar incidents of the non-compliance with the applicable requirements of Chapter 14 and Chapter 14A of the Listing Rules, the Company has (i) provided additional guidance materials to the Directors, and all senior management of the Group (including the general managers and the financial controllers of the subsidiaries) and the transaction teams at the subsidiary level to enhance their existing knowledge on the compliance requirements relating to connected transactions under the Listing Rules before the publication of the Announcement; and (ii) provided the memorandum prepared by company secretary (the “**the Company Secretary**”) of the Company (containing the compliance requirements under Chapters 13, 14 and 14A of the Listing Rules to all Directors and all senior management of the Group (including the general manager and the financial controller of the subsidiaries), in relation to the strict compliance with the requirements relating to connected transactions under Chapter 14A and notifiable transactions under Chapter 14 of the Listing Rules on 27 March 2026. The training in relation to the compliance requirements under Chapters 14 and 14A of the Listing Rules will be conducted by the Internal Control Adviser (as defined below) by July 2026.

On 25 March 2026, the Company engaged BT Corporate Governance Limited as internal control adviser (the “**Internal Control Adviser**”) to conduct a thorough review of and make recommendations to the internal control systems of the Company, to enhance the internal control systems of the Company, properly implement the notifiable transactions and connected transactions, and ensure future compliance with the Listing Rules.

The internal review process is expected to proceed in two phases. The first phase has involved a comprehensive review of the deficiencies of the internal control systems and procedures in relation to the disclosure of notifiable and connected transactions regarding this non-compliance incident and the recommendations for remedial actions. The internal control report for the first phase was issued in middle of May 2026, which included the Internal Control Adviser’s key internal control findings and recommendations. The second phase will involve a re-examination of whether the recommendations for the remedial actions to the internal control systems and procedures in relation to the disclosure of notifiable and connected transactions have been fully implemented and enforced, which is expected to be completed by the end of June 2026.

LETTER FROM LEGO CORPORATE FINANCE LIMITED

The Company is planning to conduct the following measures to streamline the internal procedures and communicating channel between the Directors and the Company Secretary on one hand, and the transaction team (which is an operational-level team responsible for the initial identification and preliminary assessment of the potential transactions) and the senior management in the subsidiaries on the other hand to ensure full compliance with the Listing Rules:

- (i) Under the supervision of the financial controllers and the general manager of subsidiaries, the transaction teams will identify the potential transactions that are not in the ordinary and usual course of business of the Group and/or to be conducted with connected persons (a list of connected persons will be provided to the transaction teams). To facilitate the identification of the connected persons, the Company Secretary is responsible for preparing and providing the list of connected persons to the transaction teams for identification at the earliest stage. To ensure the list of connected persons remains accurate and effective, the Company Secretary will update it on a quarterly basis, or immediately upon any material changes to the Board composition or substantial shareholders of the Company. When a potential transaction is identified, the transaction teams will report to the financial controller, and the financial controller will convey the transaction details to Mr. Liu Weixiong, an executive Director, who is responsible for the compliance of the Listing Rules, or an alternative Director when Mr. Liu Weixiong has conflict of interest.
- (ii) Mr. Liu Weixiong, an executive Director or the alternative Director when Mr. Liu Weixiong has conflict of interest, is responsible for the implementation of notifiable transactions and connected transactions and compliance of the Listing Rules. The financial controller of the subsidiaries are required to submit reports (with summaries of parties, nature, major terms and transaction amount) in relation to the potential transactions that are not in the ordinary and usual course of business of the Group with the amount exceeding HK\$3,000,000 (equivalent to approximately RMB2,700,000) and/or to be conducted with connected persons directly to Mr. Liu Weixiong, or the alternative Director when Mr. Liu Weixiong has conflict of interest, within three days from identification of the potential transactions. This ensures the Director receives concise, relevant information on potential notifiable transactions and connected transactions early in the process.

LETTER FROM LEGO CORPORATE FINANCE LIMITED

- (iii) Upon review of the summaries of the potential transactions, Mr. Liu Weixiong, or the alternative Director when Mr. Liu Weixiong has conflict of interest, shall communicate with the Company Secretary, provide all available details of the potential transactions (such as parties, nature, major terms and transaction amount), and request a preliminary analysis on and compliance requirements. The preliminary analysis includes the categorisation of the potential transaction (assessing whether the potential transaction falls within the ordinary and usual course of business of the Group, and cross-referencing the counterparty against the list of connected persons), and evaluation of the fairness and reasonableness of the potential transaction. The Company Secretary is responsible for computing the size tests threshold to determine the classification of the potential transaction. Based on the preliminary analysis, whether any of the compliance procedures (such as reporting, disclosure and shareholders' approval) required under the Listing Rules will be recommended to the Board. Where necessary, the Company Secretary will seek advice from professional advisers' on the precise compliance requirements.
- (iv) The designated executive Director, Mr. Liu Weixiong, or the alternative Director when Mr. Liu Weixiong has conflict of interest, and the Company Secretary are jointly responsible for ensuring that all compliance procedures under the Listing Rules are satisfied before any relevant transactions are conducted. The relevant transactions will not be conducted before the required procedures has been fully complied with according to the Listing Rules.

Going forward, the Company will continue to comply with the requirements under the Listing Rules by performing the relevant corporate governance procedures and making appropriate disclosures in a timely manner to ensure compliance with the Listing Rules.

For Continuing Connected Transactions

As disclosed in the Letter from the Board, the Company has adopted the following internal management procedures to ensure that the continuing connected transactions contemplated under the Cross-guarantee Agreement are fair and reasonable and on normal commercial terms:

- (i) the financial controller and the general manager of Fushun Xingzhou are responsible for the information collection and monitoring of the execution of specific transactions under the separate guarantee agreements. Whenever there is any proposed addition to or amendment of the provision of guarantee involving connected persons, they are strictly required to report it immediately to Mr. Liu Weixiong. In addition, the Company Secretary will perform reviews of the provision of guarantee quarterly to make sure the guaranteed amount does not exceed the Proposed Annual Caps;

LETTER FROM LEGO CORPORATE FINANCE LIMITED

- (ii) Mr. Liu Weixiong, an executive Director, and the Company Secretary are responsible for conducting regular reviews on compliance with relevant laws, regulations, company policies and the Listing Rules, and evaluating the fairness of the transaction terms under the separate guarantee agreements for the Cross-guarantee;
- (iii) the audit committee of the Company shall monitor the implementation of individual guarantee and examine the fairness and reasonableness of the guarantee to be provided by Fushun Xingzhou under the Cross-guarantee Agreement;
- (iv) the independent non-executive Directors will conduct annual review for the implementation and execution of continuing connected transactions to ensure that the continuing connected transactions under the Cross-guarantee Agreement are on normal commercial terms, and fair and reasonable; and
- (v) the external auditors of the Company will conduct year end audit, and provide its opinions and letter to the Board regarding the annual caps of continuing connected transactions of the Group conducted during the previous financial year in accordance with the Listing Rules.

The Directors have confirmed to use their best endeavours to adopt the remedial actions and recommendations to be provided by the Internal Control Adviser, in order to ensure the enhanced internal control measures will be implemented and effectively in place to strengthen the monitoring of the transactions to be contemplated under the Cross-guarantee Agreement and to prevent the future reoccurrence of similar non-compliance incidents. Going forward, the Company will continue to comply with the requirements under the Listing Rules by performing the relevant corporate governance procedures and making appropriate disclosures in a timely manner to ensure compliance with the Listing Rules.

RECOMMENDATION

Having considered the abovementioned factors, we are of the opinion that (i) the terms of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) the terms of the Cross-guarantee Agreement, the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated thereunder and the Proposed Annual Caps, are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM LEGO CORPORATE FINANCE LIMITED

Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to (i) approve and ratify the entering into of the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder; and (ii) approve the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan under the Cross-guarantee Agreement and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the accounting and investment banking industries.

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 aspects 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 AND CONFIRMATIONS

- (1) as at the Latest Practicable Date, none of the Directors or senior management of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which are required 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 he is taken or deemed to have under such provision of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers;
- (2) as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was subsisting as at the Latest Practicable Date and significant in relation to the business of the Group;
- (3) none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2025, being the date to which the latest published audited annual financial statements of the Company were made up; and
- (4) none of the Directors has entered into a service contract with any member of the Group which does not expire or which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

3. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

The Directors confirm that, as of the Latest Practicable Date, none of the Directors or their close associates had any direct or indirect interest in any business which competes or might compete with the principal business of the Company.

4. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS HOLDING DISCLOSABLE INTERESTS IN THE COMPANY

As at the Latest Practicable Date, to the best of the Directors' knowledge, having made all reasonable enquiries, the following persons (other than the Directors, or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and, which were entered in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Number of Shares held				Approximate % of the Issued Share Capital (Note 2)
	Personal Interests (Held as beneficial owner)	Corporate Interests (Interests of controlled corporation)	Other Interests	Total (Note 1)	
Zongchuan Investment Holding Co. Limited (Note 3)	950,000,000	–	–	950,000,000	16.87%
Mr. Wu Qi	–	950,000,000	–	950,000,000	16.87%
Mr. Shen Yang	714,130,000	–	–	714,130,000	12.68%
Han Weining (Note 4)	–	–	433,130,000	433,130,000	7.69%
Empire Sun Group Limited (Note 4)	–	–	433,130,000	433,130,000	7.69%
Hong Kong Able Trillion Group Limited (Note 4)	–	–	433,130,000	433,130,000	7.69%
Grand Mark Worldwide Limited (Noted 4)	–	–	433,130,000	433,130,000	7.69%

Notes:

- All interests disclosed represent long positions in the Shares/underlying Shares of the Company.
- The percentage was calculated based on the total number of Shares of the Company as at Latest Practicable Date, which was 5,630,000,000.
- These 950,000,000 Shares are owned by Zongchuan Investment Holding Co. Limited, which is wholly-owned by Mr. Wu Qi. Accordingly, Mr. Wu Qi is deemed to be interested in all the Shares held by Zongchuan Investment Holding Co. Limited by virtue of the SFO.
- The Shares are held as having a security interest in shares. Grand Mark Worldwide Limited is wholly owned by Hong Kong Able Trillion Group Limited, which is wholly owned by Empire Sun Group Limited, which is in turn wholly owned by Han Weining.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, the Directors were not aware of any persons who had interests and/or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

5. QUALIFICATION OF EXPERT AND CONSENT

The following is the qualification of the expert who has provided opinions or advice contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	A corporation licensed to conduct type 6 regulated activity (advising on corporate finance) under the SFO

- (1) As at the Latest Practicable Date, the expert listed above did not hold any shareholding in any member of the Group, nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (2) The expert listed above has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter (as the case may be) and the reference to its name included herein in the form and context in which they currently appear.
- (3) As at the Latest Practicable Date, the expert listed above did not have any direct or indirect interest in any assets which have been, since 31 December 2025 (being the date to which the latest published audited annual accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (4) The letter and recommendation given by Lego Corporate Finance Limited are given as of the date of this circular for incorporation herein.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2025 (being the date to which the latest published audited annual accounts of the Company were made up) up to the Latest Practicable Date.

7. OTHER INFORMATION

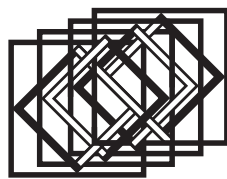
- (1) The company secretary of the Company is Mr. Sze Kat Man.
- (2) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (3) The head office and principal place of business in Hong Kong is 20/F, One Continental, No. 232 Wan Chai Road, Wanchai, Hong Kong.
- (4) The branch share registrar is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (5) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be displayed on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.paktakintl.com> from the date of this circular up to and including the date of the SGM for not less than 14 days:

- (1) the Guarantee Agreement I;
- (2) the Extended Guarantee Agreement I;
- (3) the Guarantee Agreement II;
- (4) the Guarantee Agreement III;
- (5) the Cross-guarantee Agreement;
- (6) the letter from the Independent Board Committee, full text of which is set out on pages 26 to 28 of this circular;
- (7) the letter from the Independent Financial Adviser, full text of which is set out on pages 29 to 51 of this circular;
- (8) the written consent of the expert referred to paragraph 5 of Appendix I; and
- (9) this circular.

NOTICE OF THE SPECIAL GENERAL MEETING



PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting of Pak Tak International Limited (the “**Company**”) will be held at Room 3, 14/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong on Friday, 26 June 2026 at 11:45 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 11:00 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing the following matters (whether amended or not). Unless otherwise specified, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 11 June 2026 (the “**Circular**”).

Ordinary Resolutions

- (1) To consider, approve and ratify the Guarantee Agreement I (as extended by the Extended Guarantee Agreement I), the Guarantee Agreement II and the Guarantee Agreement III and the transactions contemplated thereunder.
- (2) To consider and approve the provision of guarantee by Fushun Xingzhou to Fushun Huawei and/or Fushun Zongchuan contemplated under the Cross-guarantee Agreement, and the proposed annual caps.

The main texts and relevant details of resolutions at the SGM are set forth in the Circular thereof, which are available on the website of the Stock Exchange (www.hkex.com.hk).

By order of the Board
Pak Tak International Limited
Wu Zongchuan
Chairman and Chief Executive Officer

Hong Kong, 11 June 2026

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

* For identification purpose only

NOTICE OF THE SPECIAL GENERAL MEETING

Head office and principal place

of business in Hong Kong:

20/F, One Continental
No. 232 Wan Chai Road
Wan Chai
Hong Kong

Notes:

1. Any Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Shareholder. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at 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 before the time appointed for the holding of the SGM (i.e. at or before 11:45 a.m. on Wednesday, 24 June 2026 (Hong Kong time)) or any adjournment thereof. Delivery of the form of proxy shall not preclude a Shareholder of the Company from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The register of members of the Company will be closed from Monday, 22 June 2026 to Friday, 26 June 2026, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to determine the Shareholders who are entitled to attend and vote at the SGM, all properly completed documents accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 18 June 2026.
4. In case of joint Shareholders, the vote of the most senior one (in person or by proxy) will be accepted to the exclusion of the votes of other joint Shareholders, and for this purpose, the seniority shall be determined by the order in which the names of such joint Shareholders stand in the register of members of the Company.
5. The votes to be taken at the meeting for the resolution will be by way of poll.

As at the date of this notice, the Board comprises Mr. Wu Zongchuan, Mr. Liu Weixiong and Mr. Lyu Zhengjun as executive Directors; Mr. Hang Chu Kwong as non-executive Director; and Ms. Chan Ching Yi, Ms. Li Yun and Mr. Li Wubo as independent non-executive Directors.