

3 September 2025

To the Independent Board Committee and the Independent Shareholders

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

Dear Sir or Madam,

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

INTRODUCTION

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

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

On 28 April 2023, the Company entered into the 2023 Master Services Agreement with Shougang in relation to the provision of the deposit services, information technology services, property leasing services, management and financial advisory services, financial technical services and other financial services by Shougang Group to the Group or by the Group to Shougang Group (as the case may be) during the term commencing from the date on which the 2023 Master Services Agreement becomes effective and ending on 31 December 2025. Based on information available to the Directors, among all services provided under the 2023 Master Services Agreement, the actual demand for the Information Technology Services under the 2023 Master Services Agreement is expected to exceed the original expectations which will result in a corresponding increase in the total amount of expected Information Technology Services Fee payable by the Company to Shougang under such agreements. As such, the aggregate amount of expected fee payable by the Company to Shougang under the 2023 Master Services Agreement are expected to be higher than the level envisaged at the time when the parties entered into the 2023 Master Services Agreement. Therefore, the Board expects that the Existing Annual Caps of RMB6 million for the year ending 31 December 2025 will not be sufficient for the business needs for the year ending 31 December 2025.

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

As at the Latest Practicable Date, Shougang, through its wholly owned subsidiaries, held 2,425,736,972 shares of the Company, representing approximately 61.35% of the issued share capital of the Company as at the Latest Practicable Date. As such, Shougang is the controlling shareholder of the Company, and Shougang and its subsidiaries are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised Annual Caps under the Supplemental Master Services Agreement is more than 5%, and the maximum aggregate annual consideration payable under the 2023 Master Services Agreement as revised by the Supplemental Master Services Agreement on an annual basis, is more than HK\$10,000,000, the revision of the Existing Annual Caps to the

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

The renewal of the 2023 Master Services Agreement

Since the 2023 Master Services Agreement will expire on 31 December 2025 and the Company and Shougang intend to continue the continuing connected transactions contemplated thereunder after the said expiry, on 25 July 2025, the Company entered into the Renewed Master Services Agreement with Shougang to renew the continuing connected transactions contemplated under the 2023 Master Services Agreement. The Renewed Master Services Agreement shall have a Term of 3 years commencing from 1 January 2026 to 31 December 2028 (both days inclusive), pursuant to which Shougang agreed to provide the Deposit Services, Information Technology Services, Property Leasing Services, Management and Financial Advisory Services, Financial Technical Services and Other Financial Services to the Group by Shougang Group or by the Group to Shougang Group (as the case may be) during the Term, subject to the fulfilment of the conditions precedent.

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

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

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

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

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

On the other hand, the transactions contemplated under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) will be recognised as acquisition of assets. As such, the transactions contemplated under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) constitute notifiable transactions for the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) exceeds 100%, the 2024 Master Facilities Agreement (as revised by the Supplemental Master Facilities Agreement) and the transactions contemplated thereunder constitute continuing connected transactions and very substantial acquisitions of the Company and are therefore subject to the requirements of reporting, announcement, circular, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules and the announcement, reporting and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

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

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

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

BASIS OF OUR OPINION

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group

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

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

(i) Financial performance

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

FY2023 compared to FY2022

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

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

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

FY2024 compared to FY2023

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

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

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

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

(ii) *Financial position*

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

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

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

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

(iii) Overall comment

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

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

2. Background information of Shougang Group

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

Shougang is one of the largest steel production enterprises in the PRC and is principally engaged in a wide range of business including steel and iron production, overseas business, property development, mining resources and other businesses. As at the Latest Practicable Date, Shougang is interested in 2,425,736,972 Shares of the Company, representing approximately 61.35% of the Company's total issued share capital as at the Latest Practicable Date. According to the World Steel Association, Shougang Group ranked ninth among the world's top 50 steel producing companies in terms of steel production volume in 2023, with a production volume of approximately 33.6 million tonnes in 2023.

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

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

3. The Supplemental Master Services Agreement

(i) Background and reasons

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

As disclosed in the Letter from the Board, based on information available to the Directors, among all services provided under the 2023 Master Services Agreement, the actual demand for the Information Technology Services under the 2023 Master Services Agreement is expected to exceed the original expectations which will result in a corresponding increase in the total amount of expected Information Technology Services Fee payable by the Company to Shougang under such agreements. As such, the aggregate amount of expected fee payable by the Company to Shougang under the 2023 Master Services Agreement are expected to be higher than the level envisaged at the time when the parties entered into the 2023 Master Services Agreement. Therefore, the Board expects that the Existing Annual Caps of RMB6 million for the year ending 31 December 2025 will not be sufficient for the business needs for the year ending 31 December 2025. In view of this, on 25 July 2025, the Company and Shougang entered into the Supplemental Master Services Agreement, pursuant to which, the Company and Shougang agreed to revise the Existing Annual Caps from RMB6 million to RMB15 million for the period commencing on the date on which it becomes effective and ends on 31 December 2025.

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

(ii) Principal terms

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

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

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

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

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

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

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

(iii) Assessment of the revised annual caps

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

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

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

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

In assessing the reasonableness of the Revised Annual Caps under the Supplemental Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the Revised Annual Caps, they have taken into account, among others, (a) the historical transaction amounts of the fee for the Information Technology Services for FY2023 and FY2024; and (b) the anticipated increase in the transaction amount for the year ending 31 December 2025, based on recent cooperation with DeepSeek on deep integration and applying DeepSeek across business scenarios of the Company's self-developed supply chain financial platform.

As stated in the 2024 Annual Report, the Group has completed the deep integration with DeepSeek recently and applies DeepSeek across business scenarios of the Company's self-developed supply chain financial platform, marking the Group's new stage in the implementation of financial technology and digital finance. Through artificial intelligence ("AI") and large model technologies, the Group further enhances the efficiency and precision of its supply chain financial platform and provide its users with better experience via AI solutions. Based on the management's estimation, the Group plans to further invest approximately RMB6 million in upgrading and integrating the Group's current systems such as its corporate credit certification system, customer services system and customer relationship system with AI technology in the second half of 2025. With such increased use of AI and information system and the Group's focus on the supply chain management and financial technology business, it is expected that the Group's demand on the Information Technology Services will increase in 2025.

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

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

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

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

4. The Renewed Master Services Agreement

(i) Background and reasons

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

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

In respect of obtaining the Deposit Services from Shougang Group, the deposit interest rate will not be lower than the rates the Group would receive from major domestic commercial banks in the PRC, which would enable the Group to generate interest income therefrom. Deposits placed with Shougang Group would also be conducive to realising centralised fund collection and management of subsidiaries of the Group and could satisfy the flexible needs of funds of the Group.

In respect of obtaining the Information Technology Services from Shougang Group, it will enable the Group to optimise its overall information technology infrastructure, enhance its core technology capabilities, improve the operation and maintenance of its data management systems and hence increase the operational efficiency of the Group as a whole.

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

In respect of providing the Management and Financial Advisory Services to Shougang Group, since the Company has maintained a good working relationship with Shougang Group over the years and developed a good mutual understanding in terms of business nature and scope of operations, higher work efficiency could be better achieved as the Group would be able to provide Shougang Group suitable advice to cater to Shougang Group's specific needs.

In respect of providing the Financial Technical Services to Shougang Group, based on the Group's understanding of Shougang Group's business nature, scope of operations and business plans developed from the continuous good working relationship over the years, the provision of the Financial Technical Services by the Group to Shougang Group would provide a stable stream of revenue to the Group.

In respect of providing the Other Financial Services to Shougang Group, this is in line with the Group's transformation of its business focus to multi-tier transfer of electronic creditors' rights certificates and related businesses for the steel industry chain in late 2022. As Shougang is one of the largest steel production enterprises in the PRC, the Directors anticipate that Shougang Group will have a steady demand for the Group's corporate credit certification services, payment and settlement services and ancillary online tools services, which would provide a stable stream of revenue to the Group.

In respect of obtaining the Other Financial Services from Shougang Group, by leveraging on the mutual understanding between the Group and Shougang Group in terms of business operations and the synergic advantages developed from the good working relationship maintained over the years, the Group will be able to benefit from a more centralised and efficient mechanism of collecting trade receivables owed from customers who have retained the Group's services as ancillary services which are included in the service package provided by Shougang Group to such customers.

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

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

(ii) Principal terms

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

- Date** : 25 July 2025 (after trading hours)
- Parties** : (a) the Company; and
(b) Shougang
- Effective date and term** : The Renewed Master Services Agreement shall be effective conditional upon:
- (a) compliance with all necessary requirements under the Listing Rules, including but not limited to obtaining the approval of the Independent Shareholders of the terms of the Renewed Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder; and
 - (b) obtaining any other relevant approvals as may be required for the Renewed Master Services Agreement to take effect.

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

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

(a) Deposit Services

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

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

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

(b) Information Technology Services

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

(c) Property Leasing Services

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

(d) Management and Financial Advisory Services

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

(e) Financial Technical Services

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

(f) *Other Financial Services*

The Group and/or Shougang Group (as the case may be) shall provide the Other Financial Services, which comprise of (1) corporate credit certification services and payment and settlement services which shall be provided by the Group to Shougang Group, (2) payment collection services and other related services and (3) ancillary online financial tools services, which shall be provided by Shougang Group to the Group. Corporate credit certification and payment and settlement of funds via the platform provided by the Group shall be conducted according to the instructions of Shougang Group, with the relevant certification fees and payment and settlement expenses being borne by Shougang Group. On the other hand, upon the Group's request, Shougang Group will provide payment collection services on the trade receivables owed from customers who have retained the Group's services as ancillary services. The Group shall also provide ancillary online tools services to Shougang to support their operations which are included in the service package provided by Shougang Group to such customers. Also, Shougang Group may pay service fees to the Group for using the online financial platform developed and operated by the Group to conduct business with Shougang's customers from time to time.

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

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

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

- (a) the service fees shall be determined after arm's length negotiations between the parties on normal commercial terms with reference to the (1) scope of services; (2) remuneration of the relevant staff members of Shougang Group who will be involved in providing the Information Technology Services to the Group; (3) costs incurred by Shougang Group in providing the Information Technology Services to the Group; and (4) market rate of service fees for comparable services;
- (b) the Group shall obtain quotations from at least two Independent Third Party service providers for similar services and compare the quotations offered by such Independent Third Party service providers; and

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

**Pricing policy of the
Property Leasing
Services**

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

- Pricing policy of the Management and Financial Advisory Services** : The service fees for the Management and Financial Advisory Services shall be determined according to the following principles:
- (a) the service fees shall be determined after arm's length negotiations between the parties on normal commercial terms with reference to the (1) scope of services; (2) remuneration of the relevant staff members of the Group who will be involved in providing the Management and Financial Advisory Services to Shougang Group; (3) subject to the complexity of the services provided based on the service specifications, the time costs incurred by the relevant responsible staff of the Group and other relevant costs incurred by the Group in providing the Management and Financial Advisory Services to Shougang Group plus a mark-up rate of not less than 3%; and (4) (to the extent applicable) market rate of service fees for comparable services, and where it would be impracticable to make reference to the market rate of the service fees for comparable services, the Group will take into consideration the service specifications, cost structure, profit margin, historical transaction amounts, market conditions, past performance of Shougang Group and Shougang Group's development strategy; and
 - (b) if the Group had provided similar services to other Independent Third Party customers, the Group shall compare the service fees with those payable by at least two other Independent Third Party customers to the Group for similar services and the service fees payable by Shougang Group to the Group shall not be lower than the service fees payable by Independent Third Party customers to the Group for similar services.

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

- (a) the service fees shall be determined after arm's length negotiations between the parties on normal commercial terms with reference to the (1) scope of services; (2) remuneration of the relevant staff members of the Group who will be involved in providing the Financial Technical Services to Shougang Group; (3) costs incurred by the Group in providing the Financial Technical Services to Shougang Group plus a mark-up rate of not less than 5%; and (4) market rate of service fees for comparable services;
- (b) the Group shall compare the service fees with those payable by at least two other Independent Third Party customers to the Group for similar services; and
- (c) the service fees payable by Shougang Group to the Group shall not be lower than the service fees payable by Independent Third Party customers to the Group for similar services.

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

- (a) the service fees shall be determined after arm's length negotiations between the parties on normal commercial terms with reference to the (1) scope of services; (2) remuneration of the relevant staff members who will be involved in providing the Other Financial Services; (3) costs incurred in providing the Other Financial Services; and (4) market rate of service fees for comparable services;

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

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

The Deposit Services

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

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

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

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

The Information Technology Services

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

The Property Leasing Services

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

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

The Management and Financial Advisory Services

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

The Financial Technical Services

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

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

The Other Financial Services

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

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

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

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

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

(iii) Assessment of the proposed annual caps

The Deposit Services

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

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

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

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

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

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

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

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

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

The Information Technology Services

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

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

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

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

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

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

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

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

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

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

The Property Leasing Services

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

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

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

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

The Company proposes to set the Lease Caps in respect of the fees payable on the Property Leasing Services during the Term under the Renewed Master Services Agreement as follows:

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

In assessing the reasonableness of the Lease Caps under the Renewed Master Services Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed Lease Caps, they have taken into account, among others, (a) the historical transaction amounts in respect of lease payments paid by the Group to Shougang Group; (b) the pricing basis of the rental amount as mentioned above; and (c) the Group's expected demand for entering into new leasing arrangements for lease of office premises during the Term to accommodate for the future expansion of the Company's workforce and to satisfy the Group's business development needs.

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

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

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

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

The Management and Financial Advisory Services

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

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

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

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

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

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

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

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

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

The Financial Technical Services

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) Internal control measures of the Group

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

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

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

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

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

5. The Supplemental Master Facilities Agreement

(i) Background and reasons

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of sale and leaseback arrangement services, supply chain management and financial technology services and property leasing services. As disclosed in the section headed "1. Background information of the Group" above, sale and leaseback arrangement services was one of the core

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

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

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

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

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

(ii) Principal terms

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

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

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

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

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

Major terms of the 2024 Credit Finance Facilities

- 2024 Credit Finance amount** : The credit financing facilities amount shall be such amount requested by Shougang Group, subject to such amount shall not exceed the unutilised portion of the 2024 Credit Finance Facilities.
- Term of each 2024 Credit Finance Facilities** : The duration of each loan will be negotiated on a case-by-case basis and term of each credit financing loan will not have a term of longer than three (3) years from the date of the grant of the relevant loan.
- To ensure the compliance of the Listing Rules, it is agreed that if the Company fails to renew the 2024 Master Facilities Agreement after the last day of its Effective Date, the Group has the rights to terminate the relevant credit financing loan and demand Shougang Group for full repayment of the outstanding loan within 14 days upon written notice.
- Interest rate** : The interest rate payable by the relevant borrower shall be at a rate equal to the cost of lending of the Group plus 1% to 5%, subject to not being more than 10%.
- Repayment date of the credit financing and interest** : Unless otherwise agreed, the outstanding principal of the credit financing shall be repayable at the expiry of the term of the credit financing and the interest accrued shall be paid on a quarterly basis on the 21st day of March, June, September and December.
- Handling fee** : The Group shall be entitled to charge the relevant borrower a non-refundable handling fee of not more than 1.5% of the principal amount of the credit financing. Such handling fee is negotiated on a case-by-case basis by reference to the handling fee charged by other finance companies for credit financing of similar nature. Such fee shall be payable at least five business days before the drawdown of the credit financing.

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

Interest rate

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

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

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

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

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

Handling fees

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

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

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

Guarantee

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

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

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

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

(iii) Assessment of the revised annual caps

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Reporting requirements and conditions of the continuing connected transactions

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

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

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

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

OPINION AND RECOMMENDATION

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

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited



Larry Choi
Managing Director

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

