

The following is the full text of the letter of advice from Maxa Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, setting out its advice in respect of the terms of the 2025 Framework Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

29 January 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sirs and Mesdames,

**CONTINUING CONNECTED TRANSACTION
AND
MAJOR TRANSACTION
IN RELATION TO THE 2025 FRAMEWORK AGREEMENT:
PROVISION OF MUTUAL GUARANTEES**

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 terms of the 2025 Framework Agreement and the Company Guarantee contemplated thereunder, including the Annual Caps of the Company Guarantee (the “**Proposed Annual Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 29 January 2026 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 4 November 2022 and the circular of the Company dated 6 December 2022, in relation to the 2022 Framework Agreement pursuant to which, among others, Tianrui Cement agreed to provide the Company Guarantee to Tianrui Group Company (including its subsidiaries but excluding its subsidiaries engaged in aluminum-related business) for bank loans to be borrowed and/or debentures or corporate bonds to be issued by them for a term up to 31 December 2025. Accordingly, on 8 December 2025 (after

trading hours), the Company entered into the 2025 Framework Agreement with Tianrui Group Company and Tianrui Cement, pursuant to which the Company has conditionally agreed to provide the Company Guarantee to Tianrui Group Company (including its subsidiaries but excluding its subsidiaries engaged in aluminum-related business) and Tianrui Group Company has conditionally agreed to provide the Tianrui Group Guarantee to the Company (including its subsidiaries), directly by themselves or through their subsidiaries, with respect to each other (inclusive of their subsidiaries) for bank loans to be borrowed and/or debentures or corporate bonds to be issued by them for a term from 1 January 2026 to 31 December 2028, subject to the Annual Caps for the Company Guarantee and the Tianrui Group Guarantee. For the avoidance of doubt, none of the members of the Group will be considered to be a subsidiary of Tianrui Group Company for the purpose of the 2025 Framework Agreement.

LISING RULES IMPLICATION

As at the Latest Practicable Date, Tianrui Group Company is owned as to 70% by Mr. Li and as to 30% by Mrs. Li (Mr. Li's spouse), and Tianrui Group Company also indirectly holds approximately 52.78% shareholding in the Company and is hence the controlling shareholder of the Company. Tianrui Group Company is therefore a connected person of the Company. Therefore, the transactions contemplated under the 2025 Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Although the consideration ratio in respect of the Company Guarantee exceeds 100%, the Company Guarantee is not an acquisition by the Company and constitutes a major transaction (instead of a very substantial acquisition) under Chapter 14 of the Listing Rules and continuing connected transaction under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kong Xiangzhong, Mr. Mak Tin Sang and Mr. Jiang Senlin, has been established to advise the Independent Shareholders as to whether (i) the terms of the 2025 Framework Agreement and the Company Guarantee contemplated thereunder; and (ii) the Proposed Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution(s) to be proposed at the EGM to approve the entering into of the 2025 Framework Agreement and the Company Guarantee contemplated thereunder, including the Proposed Annual Caps. We, Maxa Capital, have been

engaged as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2025 Framework Agreement and the Company Guarantee (including the Proposed Annual Caps) contemplated thereunder. In the past two years, we were appointed by the Company as the independent financial adviser in respect of certain continuing connected transactions in relation to the sales and purchases of clinker, raw coal and coking raw coal, details of which were set out in the circular of the Company dated 2 October 2025. The aforesaid previous appointment was limited to providing one-off independent advisory service, for which we received normal professional fees. Accordingly, we do not consider such previous appointment gives rise to any conflict of interest for us in acting as the Independent Financial Adviser in respect of the 2025 Framework Agreement and the Company Guarantee (including the Proposed Annual Caps) contemplated thereunder. Apart from the normal advisory fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company, Tianrui Group Company or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among others, (i) the 2025 Framework Agreement; (ii) the annual reports of the Company for the year ended 31 December 2023 (the “**2023 AR**”) and 31 December 2024 (the “**2024 AR**”) and the interim report of the Company for the six months ended 30 June 2025 (the “**2025 IR**”); and (iii) the basis of calculation of the Proposed Annual Caps and the underlying assumptions.

We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. We have also

assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representations and opinions expressed by the Company, its advisers and/or Director. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Company, Tianrui Group Company and each of their respective subsidiaries or associates.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2025 Framework Agreement and the Company Guarantee (including the Proposed Annual Caps) contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Background of the 2025 Framework Agreement

1.1 Information of the Group

The Group is principally engaged in businesses ranging from excavation of limestone to production, sale and distribution of clinker and cement. As of 31 December 2024, the Group possessed clinker production capacity of 28.4 million tonnes, cement production capacity of 56.4 million tonnes and production capacity of limestone aggregate of 30.2 million tonnes.

Set out below are the summarised financial information of the Group for the two years ended 31 December 2023 and 2024 (“FY2023” and “FY2024”, respectively), as extracted from the 2023 AR and 2024 AR, and for the six months ended 30 June 2024 and 2025 (“1H2024” and “1H2025”, respectively), as extracted from the 2025 IR:

	For the year ended 31 December		For the six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB '000</i> (audited)	<i>RMB '000</i> (audited)	<i>RMB '000</i> (unaudited)	<i>RMB '000</i> (unaudited)
Revenue	7,888,810	6,117,025	2,583,798	2,962,658
(Loss)/profit and total comprehensive (expense)/income for the year/period	(623,524)	214,215	25,889	72,257

The revenue of the Group was approximately RMB6.1 billion for FY2024, representing a decrease of approximately RMB1.8 billion or 22.5% as compared to approximately RMB7.9 billion for FY2023, whereas the profit and total comprehensive income was approximately RMB214.2 million for FY2024, representing an increase of approximately RMB837.7 million as compared to the loss and total comprehensive expense of approximately RMB623.5 million for FY2023. Such decrease in revenue was primarily attributable to the decrease in the Group’s sales volume and sales price of cement and limestone aggregate. The turnaround from loss and total comprehensive expenses for FY2023 to profit and total comprehensive income for FY2024 was mainly attributable to the increase in other income of approximately RMB1.5 billion for FY2024 as the Group recognised interest income from suppliers and Tianrui Group Company in an aggregate amount of approximately RMB1.4 billion for FY2024.

The revenue of the Group was approximately RMB3.0 billion for 1H2025, representing an increase of approximately RMB378.9 million or 14.7% as compared to approximately RMB2.6 billion for 1H2024, whereas the profit and total comprehensive income was approximately RMB72.3 million for 1H2025, representing an increase of approximately RMB46.4 million or 179.1% as compared to approximately RMB25.9 million for 1H2024. Such increase in revenue was primarily attributable to the increase in revenue from cement sales. Increase in the profit and total comprehensive income of the Group was mainly attributable to the increase in profit from the Northeastern China region due to the increase in unit gross profit.

	As at 31 December	As at 30 June	
	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total assets	40,573,494	37,215,106	36,351,373
- Cash, deposits and bank balances	1,174,841	915,092	467,664
Total liabilities	24,787,427	21,239,599	20,268,366
- Total borrowings	16,592,494	11,722,613	11,003,606
Total equity	15,786,067	15,975,507	16,083,007

The Group's total assets decreased by approximately RMB3.4 billion or 8.3% from approximately RMB40.6 billion as at 31 December 2023 to approximately RMB37.4 billion as at 31 December 2024. Such decrease in total assets was mainly attributable to the decrease in (i) pledged bank balances; and (ii) property, plant and equipment. Among all assets, the Group's cash, deposits, and bank balances decreased by approximately RMB259.7 million or 22.1% from approximately RMB1,174.8 million as at 31 December 2023 to approximately RMB915.1 million as at 31 December 2024, which was mainly attributable to repayment of borrowings. The Group's total liabilities decreased by approximately RMB3.5 billion or 14.3% from approximately RMB24.8 billion as at 31 December 2023 to approximately RMB21.2 billion as at 31 December 2024. Such decrease in total liabilities was mainly attributable to the decrease in borrowings due after one year. The Group's total equity slightly increased from approximately RMB15.8 billion as at 31 December 2023 to approximately RMB16.0 billion as at 31 December 2024, representing an increase of approximately RMB189.4 million or 1.2%.

The Group's total assets decreased by approximately RMB863.7 million or 2.3% from approximately RMB37.2 billion as at 31 December 2024 to approximately RMB36.4 billion as at 30 June 2025. Such decrease in total assets was mainly attributable to the decrease in loan receivable. Among all assets, the Group's cash, deposits, and bank balances decreased by approximately RMB447.4 million or 48.9% from approximately RMB915.1 million as at 31 December 2024 to approximately RMB467.7 million as at 30 June 2025, which was mainly attributable to the increase in restricted pledged bank balances and repayment of borrowings. The Group's total liabilities decreased by approximately RMB971.2 million or 4.6% from approximately RMB21.2 billion as at 31 December 2024 to approximately RMB20.3 billion as at 30 June 2025. Such decrease in total liabilities was mainly attributable to the decrease in borrowings due within one year. The Group's total equity slightly increased from approximately

RMB16.0 billion as at 31 December 2024 to approximately RMB16.1 billion as at 30 June 2025, representing an increase of approximately RMB107.5 million or 0.7%.

1.2 Information of Tianrui Cement

Tianrui Cement is a wholly foreign-owned enterprise established in the PRC with limited liability and a wholly-owned indirect subsidiary of the Company. Tianrui Cement is the principal subsidiary of the Company in PRC for the manufacture and sale of cement, clinker and limestone aggregate.

As part of our due diligence work, we have obtained and reviewed the audited financial reports of Tianrui Cement for FY2023 and FY2024, and the management accounts of Tianrui Cement for 1H2025. We note that Tianrui Cement accounts for over 90% of the revenue and assets of the Group for the respective periods.

1.3 Information of Tianrui Group Company

Tianrui Group Company is a company established in the PRC with limited liability and held as to 70% by Mr. Li and 30% by Mrs. Li, who are interested in different businesses such as foundry business, aluminum business, tourism and hotel business.

Set out below are the financial highlights of Tianrui Group Company for FY2023 and FY2024 (the “Review Period”).

	For the year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	10,881,665	15,657,779
Profit before tax	448,426	404,948
Net profit after tax	164,076	167,957
Net cash from operation	1,591,579	1,638,535
	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Current assets	21,187,518	21,815,350

- Cash and bank balances	2,933,809	5,922,291
Total assets	72,284,237	74,775,493
Current liabilities	19,900,864	21,653,930
Total liabilities	29,546,745	32,296,418
Net assets	42,737,492	42,479,075
Banking facilities	13,645,651	15,254,805
Financial ratios		
Current ratio (<i>times</i>) ^(Note)	1.1	1.0
Total liabilities to total equity (%)	69.1%	76.0%

Note: Current ratio is calculated by the current assets divided by current liabilities as at the respective year end.

As illustrated above, Tianrui Group Company recorded revenue of approximately RMB10.9 billion and for FY2024, representing a decrease of approximately 30.5% as compared to that for FY2023, which was primarily attributable to (i) the decrease in the revenue derived from cement production business and construction materials trading business affected by the reduced demand from real estate companies; and (ii) the decrease in the revenue derived from its iron casting business due to the reduced market demand. Tianrui Group Company recorded a net profit of RMB164.1 million, representing a decrease of approximately 2.3% as compared to approximately RMB168.0 million for FY2023. The cash and bank balances of Tianrui Group Company decreased by approximately 50.5% from approximately RMB5.9 billion as at 31 December 2023 to approximately RMB2.9 billion as at 31 December 2024, which was mainly due to the increase in net cash outflow from financial activities resulting from repayment of borrowings. The banking facilities of Tianrui Group Company decreased by approximately 10.5% from approximately RMB15.3 billion in FY2023 to approximately RMB13.6 billion in FY2024 due to the expiration of partial bank facilities during FY2024. Total liabilities to total equity ratio improved from approximately 76.0% as at 31 December 2023 to approximately 69.1% as at 31 December 2024, which was mainly attributable to the decrease in total liabilities due to the repayment of bank borrowings.

As stated in the Letter from the Board and confirmed by the Management, as at the Latest Practicable Date, there has been no default of any loans guaranteed by the Company Guarantee under the 2022 Framework Agreement.

As confirmed by the Management, Tianrui Group Company is not involved in any material litigation or arbitration and there is no outstanding or pending litigation or claim of material importance against Tianrui Group Company as at the Latest Practicable Date.

Based on the information available from the public domain, we note that Tianrui Group Company obtained an AA long term corporate credit rating and an AA+ credit rating for its corporate bond amounted RMB1 billion and issued in 2014 from China Lianhe Credit Rating Co., Ltd. with a stable outlook on 27 June 2023. The abovementioned corporate bond was matured and redeemed by Tianrui Group Company on 25 June 2024. Based on our search through public available sources, on a best effort basis, we have not identified (i) any updated credit rating of Tianrui Group Company or any subsequent issuance of corporate bond by Tianrui Group Company since the release of abovementioned credit ratings; and (ii) any default in loan repayment of Tianrui Group Company.

Taking into account that (i) Tianrui Group Company has a solid financial position with cash and bank balance of approximately RMB2.9 billion and net assets of approximately RMB42.7 billion as at 31 December 2024; (ii) there has been no default of any loans guaranteed by the Company Guarantee under the 2022 Framework Agreement; and (iii) we have not identified any default in loan repayment of Tianrui Group Company through public available sources, we consider that Tianrui Group Company has sufficient ability to settle the liabilities arising from the loans obtained from the lenders under the Company Guanrantee of no more than RMB2,500 million.

2. Reasons for and benefits of the 2025 Framework Agreement

Details of the reasons for and benefits of entering into of the 2025 Framework Agreement are set out in the section headed “Reasons for and benefits of the 2025 Framework Agreement” in the Letter from the Board.

As stated in the Letter from the Board, while the Group has continuously sought to diversify its external funding sources, domestic PRC bank loans remain a vital source in satisfying the Group’s financing needs. Consistent with its business strategy, the Group intends to continue to engage in fixed assets investments, business acquisitions, production improvement and by-product expansion so as to benefit from the consolidation trend in China’s cement industry and ensure the sustainable development of the Group’s business in the long term. As a result of the Tianrui Group Guarantee, the Group will not only be able to enhance its ability to obtain bank loans and other borrowings, but it will also have the flexibility to approve and finalise relevant loans and borrowings in a timely manner, which is important to the Group’s implementation of its business expansion and performance improvement. As disclosed in the Letter from the Board, approximately RMB7,831.4 million of guarantee amounts have been utilised by the Company under the Tianrui Group Guarantee as at 30 September 2025. The maximum daily balance of the Tianrui Group Guarantee under the 2025 Framework Agreement for each of the three years ending 31 December 2028 is RMB9,000 million, which will enable the Group to obtain additional financing from commercial banks under the Tianrui Group Guarantee after taking into account the

utilised amount as at 30 September 2025. In addition, the historical utilisation of the Tianrui Group Guarantee under the 2022 Framework Agreement and the proposed maximum daily balance of the Tianrui Group Guarantee under the 2025 Framework Agreement are much greater than the historical utilisation of the Company Guarantee under the 2022 Framework Agreement and the proposed maximum daily balance of the Company Guarantee under the 2025 Framework Agreement. The Company will be benefited from the Tianrui Group Guarantee which will facilitate the Group's daily operation with additional loan facility.

In respect of the risk exposure of the Company under the Company Guarantee, we note that the Company has taken the following actions to limit the risk exposure of the Company in the Company Guarantee:

- (i) the Company will have recourse against Tianrui Group Company for the Company's potential losses. In the event that the relevant loan is to be borrowed by a subsidiary of Tianrui Group Company, Tianrui Group Company shall provide the primary guarantee, whereas the Company Guarantee is being provided for additional credit support. Furthermore, Tianrui Group Company, by entering into the 2025 Framework Agreement, has agreed to indemnify the Company for any amount payable in such situation, including the principal amount of the relevant loan, any interest, fees, damages and enforcement expenses for breach of the loan;
- (ii) Mr. Li also agreed to indemnify the Company for any amount that the Company would have paid to the lenders of Tianrui Group Company in accordance with the terms and conditions of each individual guarantee under the 2025 Framework Agreement;
- (iii) the Company will not provide a guarantee to any of Tianrui Group Company's subsidiaries operating in aluminum-related business. The Company is of the view that Tianrui Group Company's aluminum related business is uncertain and has been affected by the unfavorable market condition in recent years. As such, the Company's exposure to the credit risk of Tianrui Group Company under the Company Guarantee will be minimized by carving out Tianrui Group Company's subsidiaries operating in aluminum-related business; and
- (iv) as at the Latest Practicable Date, Tianrui Group Company confirms that it does not have any repayment default in respect of any loan arrangements with banks. The financial position of Tianrui Group Company is reasonably healthy, certain particulars of which are set out in the section headed "1.2 Information of Tianrui Group Company" in this letter.

Mr. Li agreed to indemnify the Company by means of the Counter Guarantee for any amount payable by the Company or its subsidiaries in connection with the Company Guarantee without charging any fees.

Mr. Li is the controlling Shareholder, the non-executive Director and the Chairman of the Company, and the founder of the Group. He is primarily responsible for the Group's overall strategic planning and the management of the Group's business. As at the Latest Practicable Date, he was interested in 1,627,385,716 Shares, representing approximately 52.78% of the total issued Shares. We have obtained and reviewed the written confirmation provided by Mr. Li together with his spouse Mrs. Li to the Company in which they confirmed that (i) they have no material debt arrangement; (ii) their net assets value are not less than RMB10 billion; and (iii) except for the Counter Guarantee, they are only subject to other guarantee arrangements domestically or overseas of approximately RMB6.0 billion. According to the Hurun Global Rich List 2025 (2025 胡潤全球富豪榜) published by Hurun Report, Mr. Li and his family ranked No. 1,796 with a net asset value of approximately RMB15.5 billion. According to the official website of Hurun Report (<https://www.hurun.net>), Hurun Report is a well-known wealth ranking institution and was founded in Shanghai in 1999. Shareholders should note that we have not assessed the reliability of the net asset value of approximately RMB15.5 billion of Mr. Li and his family as stated in the Hurun Global Rich List 2025.

In light of the above, we concur with the Company that Mr. Li has sufficient financial capacity to fulfill his obligation under the Counter Guarantee.

Having considered that (i) the Company could benefit from the provision of Tianrui Group Guarantee by obtaining bank facility with lower cost and more flexibility; (ii) the financial institutions in the PRC will require the provision of guarantees from the Company as security for provision of loans to Tianrui Group Company for credit enhancement owing to the fact that the Company is a principal subsidiary of Tianrui Group Company; (iii) that the risk exposure in respect of the Company Guarantee to the Company is reasonable and controllable given Tianrui Group Company has a solid financial position and Mr. Li will provide the Counter Guarantee for all amount repaid by the Company as guarantor to the financial institutions if Tianrui Group Company defaults on the loan facilities; (iv) Mr. Li has sufficient financial capacity to fulfill his obligation under the Counter Guarantee, we are of the view that although the provision of Company Guarantee is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the 2025 Framework Agreement

Date

8 December 2025 (after trading hours)

Effective Period

The 2025 Framework Agreement shall be effective for a term from 1 January 2026 to 31 December 2028 (the “Term”), subject to all the conditions precedent (including Independent Shareholders’ approval) thereto being fulfilled. For the avoidance of doubt, the 2022 Framework Agreement shall continue to be effective up to 31 December 2025.

Parties

- (a) The Company;
- (b) Tianrui Cement; and
- (c) Tianrui Group Company

Mutual Guarantee

- (a) Tianrui Group Guarantee

Pursuant to the 2025 Framework Agreement, Tianrui Group Company has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, with respect to the Company or its subsidiaries, for bank loans to be borrowed and/or debentures or corporate bonds to be issued by any of them.

- (b) Company Guarantee

Pursuant to the 2025 Framework Agreement, the Company has agreed, during the Term, to provide guarantees, directly by itself or through its subsidiaries, with respect to Tianrui Group Company or its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business) for bank loans to be borrowed and/or debentures or corporate bonds to be issued by any of them. In the event that the relevant loan, debenture or corporate bonds is to be borrowed or issued by any of Tianrui Group Company’s subsidiaries, Tianrui Group Company shall provide the primary guarantee to the lenders in respect to the loan, debenture or corporate bonds while the Company Guarantee shall only be provided as additional credit support. In addition, with respect to such Company Guarantee, Tianrui Group Company undertakes to indemnify the Company for any amount payable by the Company in accordance with the terms and conditions of the Company Guarantee, including the principal amount of the relevant loan,

debenture or corporate bonds, any interest, fees, damages and enforcement expenses for breach of the loan, debenture or corporate bonds.

For the avoidance of doubt, none of the members of the Group will be considered to be a subsidiary of Tianrui Group Company for the purpose of the 2025 Framework Agreement.

The provision of the Guarantees by each party under the 2025 Framework Agreement will be subject to the guarantor having fully understood the borrower's business obligations and financial position, and further in the case of Company Guarantee, it will also be subject to the review and approval of a special committee established by the Board for monitoring the risk control and management in relation to the 2025 Framework Agreement. For further details, please refer to the section headed "Risk Management Measures under the 2025 Framework Agreement" in this announcement.

No commission is payable by the Company or Tianrui Group Company to each other in connection with any of the Guarantees, which the Directors consider is fair and reasonable to the Company and its Shareholders on the basis that, among others, commission in relation to guarantee is normally calculated based on the annual amount of the guarantees. The proposed Annual Caps of Tianrui Group Guarantee are higher than those of Company Guarantee, and it is also expected that the amount to be utilized under Tianrui Group Guarantee is greater than the amount to be utilized under Company Guarantee; therefore, the commission payable by the Company under the Tianrui Group Guarantee would be greater than that by Tianrui Group Company under the Company Guarantee, should any commission be payable. As such, it would be for the benefit of the Company for there not to be any commission payable under the 2025 Framework Agreement.

No security shall be provided over the assets of any member of the Group in relation to any of the Guarantees.

Pursuant to the 2025 Framework Agreement, no obligations under the Company Guarantee and Tianrui Group Guarantee shall be offset against each other.

Conditions Precedent

The Guarantees will be subject to the conditions precedent set out as follows:

- (i) the Company has complied with the requirements provided under the Listing Rules in respect of the transactions contemplated under the 2025 Framework Agreement;

- (ii) the 2025 Framework Agreement and the transactions contemplated thereunder have been approved by the Independent Shareholders at the EGM in compliance with the Listing Rules; and
- (iii) the Counter Guarantee Agreement has been executed.

Counter Guarantee

On 8 December 2025 (after trading hours), Mr. Li, entered into the Counter Guarantee Agreement with the Company, pursuant to which Mr. Li agreed to indemnify the Company by means of the Counter Guarantee for any amount payable by the Company or its subsidiaries in connection with the Company Guarantee, including the principal amount of the relevant loan, debenture or corporate bonds, any interest, fees, damages and enforcement expenses for breach of the relevant loan, debenture or corporate bonds.

The Counter Guarantee arrangement for the 2025 Framework Agreement is identical in nature as Mr. Li's counter guarantee arrangement for the 2022 Framework Agreement.

We have reviewed the 2025 Framework Agreement and note that the terms and conditions of the 2025 Framework Agreement are substantially the same as those of the 2022 Framework Agreement approved by the Independent Shareholders at the extraordinary general meeting on 21 December 2022.

In respect of the guarantee amount under the Mutual Guarantee arrangement, we note that the Proposed Annual Caps for Company Guarantee for the three years ending 31 December 2028 are RMB2,500 million, and the proposed annual caps for Tianrui Group Guarantee for the three years ending 31 December 2028 are RMB9,000 million, which is substantially higher than the Proposed Annual Caps for Company Guarantee. As disclosed in the Letter from the Board, approximately RMB7,831.4 million of guarantee amounts have been utilised by the Company under the Tianrui Group Guarantee as at 30 September 2025 while the highest daily balance of the Company Guarantee for the nine months ended 30 September 2025 was approximately RMB1,200 million. We have discussed with the Management and understand that (i) it is expected that the guarantee amount under the Tianrui Group Guarantee will still be substantially higher than the guarantee amount under the Company Guarantee taking into account the outstanding loan amount under the 2022 Framework Agreement and future funding need of the Tianrui Group Company and the Group; and (ii) in case of the guarantee amount provided by the Company to Tianrui Group Company may be higher than the guarantee amount provided by the Tinarui Group Company to the Company, the Company's special committee, which is established to monitor and minimise the risk exposure of the Company in relation to the Company Guarantee, will consider whether it is appropriate to approve additional guarantee amount under the Company Guarantee cautiously

and the Company will take active action to ensure the guarantee amount under the Company Guarantee not to be higher than the guarantee amount under the Tianrui Group Guarantee to minimise the risk exposure of the Company in relation to the Company Guarantee. Given that (i) the historical guarantee amounts under the Tianrui Group Guarantee were substantially higher than the historical guarantee amounts under the Company Guarantee; (ii) the Proposed Annual Caps for the Company Guarantee for the three years ending 31 December 2028 will be reduced from RMB3,000 million to RMB2,500 million while the proposed annual caps for the Tianrui Group Guarantee for the three years ending 31 December 2028 will be raised from RMB7,000 million to RMB9,000 million; (iii) the Company will ensure the guarantee amount under the Company Guarantee not to be higher than the guarantee amount under the Tianrui Group Guarantee to minimise the risk exposure of the Company in relation to the Company Guarantee; and (iv) the Company has Counter Guarantee arrangement that Mr. Li agreed to indemnify the Company for any amount payable by the Company or its subsidiaries in connection with the Company Guarantee, we consider that the arrangement and the terms of the Mutual Guarantee are fair and reasonable and the Company's interest and risk exposure is sufficiently protected.

Given the Company Guarantee will be provided by the Company to its connected persons for the purpose of loan borrowings and has a cap of RMB2,500 million during the validity period of the 2025 Framework Agreement of three years, we have reviewed the transactions of similar nature based on the following selection criteria: (i) the guarantor is a company listed on the Main Board of the Stock Exchange or its wholly-owned subsidiary whose ordinary business is not providing financial guarantee services; (ii) the guarantee is provided for the purpose of loan borrowings of connected person(s) of the listed company; and (iii) the guarantee was announced during the period from 8 June 2024 to 8 December 2025, being recent period of 18 months prior to the date of the 2025 Framework Agreement, which could provide sufficient volume of samples under similar market dynamics and economic environment for comparative analysis. We consider the abovementioned criteria could provide recent and representative samples in relation to provision of guarantees provided by the companies listed on the Stock Exchange or its wholly-owned subsidiary to its connected person(s). We have identified an exhaustive list of 8 comparable transactions (the "**Comparable Guarantees**") based on the above selection criteria by searching on the website of Stock Exchange, which we consider is a sufficient sample size for comparison purpose. Although the business, operation and prospects of the Group are not the same as the listed companies to provide Comparable Guarantees, we consider that the Comparable Guarantees can provide a fair and representative reference of the recent market practices in relation to principal terms of the provision of guarantees provided by the companies listed on the Stock Exchange to its connected person(s) and the Comparable Guarantees are fair and representative samples for our assessment of the principal terms of the 2025 Framework Agreement.

We have reviewed the principal terms of the Comparable Guarantees as disclosed in the announcement published by relevant listed companies on the website of Stock Exchange and set out below are the summary of the Comparable Guarantees' principal terms:

Announcement Date	Stock code	Company	Guarantee amount	Guarantee fee	Mutual Guarantee Arrangement (Y/N)	Counter Guarantee Arrangement (Y/N)
2025/6/5	866	China Qinfa Group Limited	RMB417 million	Nil	N	N
2025/4/28	2520	Shanxi Installation Group Co., Ltd.	USD11 million (equivalent to RMB78 million)	Nil	N	Y
2025/2/11	893	China Vanadium Titano-Magnetite Mining Company Limited (the "China Vanadium")	RMB690 million to RMB930 million	1.25% of the maximum guaranteed amount	N	Y
2025/1/17	358	Jiangxi Copper Company Limited	RMB2,900 million	Nil	Y	Y
2024/10/25	1733	E-Commodities Holdings Limited	RMB107.8 million	Nil	N	N
2024/9/30	2160	MicroPort CardioFlow Medtech Corporation	RMB16 million	Nil	N	N
2024/9/27	1513	Livzon Pharmaceutical Group Inc	RMB2,100 million	Nil	N	Y
2024/8/26	182	Concord New Energy Group Limited (the "Concord New Energy")	RMB90 million	1.5%	N	Y
		The Company	RMB2,500 million	Nil	Y	Y

Source: www.hkexnews.hk

As illustrated from the table above, we noted that (i) the guarantee amount of the Comparable Guarantees ranged from RMB16 million to RMB2,900 million; (ii) 6 out of 8 Comparable Guarantees have nil guarantee fee arrangement; (iii) 7 out of 8 Comparable Guarantees have nil mutual guarantee arrangement; and (iv) 5 out of 8 Comparable Guarantees have counter guarantee arrangement.

Taking into account that (i) the financial institutions in the PRC will require the provision of guarantees from the Company as security for provision of loans to Tianrui Group Company for credit enhancement owing to the fact that the Company is a principal subsidiary of Tianrui Group Company; (ii) the guarantee amount of the Company Guarantee is within the range of the guarantee amount of Comparable Guarantees; (iii) although the Company Guarantee has nil guarantee fee arrangement as compared to the guarantee provided by China Vanadium and Concord New Energy to their connected person(s), such arrangement is justifiable considering that the Company could also enjoy Tianrui Group Guarantee from a mutual guarantee arrangement while China Vanadium and Concord New Energy provided unilateral guarantee to their connected person(s) and the majority of the Comparable Guarantees also have nil guarantee fee arrangement; (iv) the Company has mutual guarantee arrangement, which is favourable than the majority of the Comparable Guarantees as the Company could also enjoy guarantee provided by its connected person to support its own financial needs; and (v) the Company has counter guarantee arrangement, which is in line with the arrangement of majority of Comparable Guarantees and such arrangement could lower the risk exposure to the Company as guarantor, we consider the provision of Company Guarantee under the 2025 Framework Agreement is generally in line with the market practice in relation to provision of guarantees provided by the companies listed on the Stock Exchange or its wholly-owned subsidiary to its connected person(s) and fair and reasonable.

In light of the above, we consider the terms of 2025 Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Proposed Annual Caps

The following table sets forth (i) the historical maximum daily balance for the provision of the Company Guarantee for the two years ended 31 December 2024 and for the nine months ended 30 September 2025; (ii) the existing annual caps for the provision of the Company Guarantee for each of the three years ending 31 December 2025; and (iii) the Proposed Annual Caps for each of the three years ending 31 December 2028.

<i>RMB' million (except for utilisation rates)</i>	Historical amounts for the years ended 31 December			Proposed Annual Caps for the years ending 31 December		
	2023	2024	2025	2026	2027	2028
Annual Caps	3,000	3,000	3,000	2,500	2,500	2,500
Historical maximum daily balance for provision of the Company Guarantee	2,000	1,900	1,200 ^{Note 1}			
Utilisation Rates	66.7%	63.3%	40.0% ^{Note 2}			

Note:

1. Being the historical maximum daily balance for provision of the Company guarantee for the nine months ended 30 September 2025.

2. *Calculated based on the historical maximum daily balance for provision of the Company guarantee for the nine months ended 30 September 2025*

The Proposed Annual Caps were determined (i) based on the historical highest daily balances of the Company Guarantee during the past three years while providing flexibility to cater for Tianrui Group Company's current and future funding needs. Based on the historical records during the past three years, the highest daily balance of the Company Guarantee in 2023, 2024 and the nine months ended 30 September 2025 was approximately RMB2,000.0 million, RMB1,900.0 million and RMB1,200.0 million respectively, and accordingly the proposed annual cap adjusted from RMB3,000 million to RMB2,500 million; (ii) after taking into consideration the following factors:

- (a) funding needs of the Tianrui Group Company and its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business) for borrowings of approximately RMB1,098.5 million secured by Company Guarantee as of 30 September 2025; and
- (b) increase in future capital requirements of Tianrui Group Company and its subsidiaries (excluding any of its subsidiaries engaged in aluminum-related business). As advised by the Management, it is expected that approximately RMB1,400.0 million in bank facilities will be required to finance fixed assets investments in relation to its tourism, energy and other businesses.

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have reviewed historical maximum daily balance for the provision of Company Guarantee for the two years ended 31 December 2024 and for the nine months ended 30 September 2025, which represent the utilisation rates of approximately 66.7%, 63.3% and 40.0% for the corresponding periods.

We have reviewed the calculation of the Proposed Annual Caps and discussed with the Company about the basis and underlying assumptions of such calculation. We note from the calculation that the Proposed Annual Caps are based on the aggregation of the outstanding borrowing amount of Tianrui Group Company as of 30 September 2025 and the estimated borrowing amounts for fixed assets investment in relation to Tianrui Group Company's tourism, energy and other businesses for the three years ending 31 December 2028, which will be mainly used for building up new coal coking production lines for its energy business. We have reviewed a list of the outstanding borrowings of Tianrui Group Company guaranteed by the Company as of 30 September 2025 and the development plan and budget for certain coal coking project of Tianrui Group Company and note that the assumptions used in the calculation of the Proposed Annual Caps are in line with that in the outstanding borrowing list and the fund demand set out in the development plan and the budget for certain businesses of Tianrui Group Company. Based on the above, we consider that the Proposed Annual Caps are fair and reasonable.

5. Internal Control Measures

The Company has adopted internal approval and monitoring procedures relating to the Guarantee, details of which are included in the sections headed “RISK MANAGEMENT MEASURES UNDER THE 2025 FRAMEWORK AGREEMENT” in the Letter from the Board. We have obtained and reviewed the Company’s administrative regulations on connected transactions and the Company’s 2024 assessment report of risk management and internal control, and note that the risk management and internal control measures set out in the Letter from the Board are in line with such administrative regulations and the assessment report. We have also obtained and reviewed three resolution documents of the Company’s special committee established to monitor and minimise the risk exposure of the Company in relation to the Company Guarantee, which were the written records of the approval of the special committee for certain guarantees provided by the Company to Tianrui Group Company during 2023 to 2025 and randomly selected by the Company as per our request. We note from such resolution documents that the special committee has reviewed (i) details of each guarantee provided by the Company to Tianrui Group Company, including the usage of borrowing, the latest debts to assets ratio of Tianrui Group Company, the latest net profit attributable to the shareholders of Tianrui Group Company and the lawsuits involving by Tianrui Group Company, to fully understand the business operations and financial position of the borrower; and (ii) the outstanding balance of the Company Guarantee to ensure providing such guarantee will not exceed the existing annual caps under the 2022 Framework Agreement and granted the approval with signatures of all committee members.

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and auditors of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company each year. We have reviewed the 2023 AR and 2024 AR and noted that the independent non-executive directors and the auditors of the Company have reviewed the non-exempt continuing connected transactions during such years and provided the relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an ongoing basis and therefore the transactions contemplated under the 2025 Framework Agreement will be reviewed annually by the independent non-executive directors and the auditor of the Company.

Based on the above, we are of the view that there are appropriate measures in place to monitor the transactions contemplated under the 2025 Framework Agreement and the Proposed Annual Caps and hence the interest of the Shareholders would be safeguarded.

RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that (i) the entering into of the 2025 Framework Agreement, though not in the ordinary and usual course of business of the Group, is in the interest of the Company and its Shareholders as a whole; and (ii) the terms of the 2025 Framework Agreement and the Proposed Annual Caps are fair and reasonable and on normal commercial terms. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolutions in relation to the 2025 Framework Agreement and the Company Guarantee (including the Proposed Annual Caps) contemplated thereunder to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Maxa Capital Limited



Sammy Leung
Managing Director

Mr. Sammy Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 14 years of experience in the corporate finance industry.