
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in Shougang Fushan Resources Group Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed “Letter from the Board – Warning of the Risks of Dealing in the existing Shares and nil-paid Rights Shares” in this Prospectus.

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “13. Documents Delivered To The Registrar Of Companies In Hong Kong” in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

For the entitlement of the PRC Southbound Trading Investors (as defined herein) to participate in the Rights Issue, please refer to the paragraph headed “Letter from the Board – Rights Issue – Rights of PRC Southbound Trading Investors” in this Prospectus.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. **This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States or in any other jurisdiction in which such an offer or solicitation is unlawful.** This Prospectus is for informational purposes only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any Rights Shares in their nil-paid form or fully paid form or to take up any entitlements to the Rights Shares in their nil-paid form or fully paid form in the United States or in any other jurisdiction in which such an offer or solicitation is unlawful.

The securities described herein have not been and will not be registered under the US Securities Act (as defined herein), or the laws of any state or jurisdiction of the United States, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. There is no intention to register any portion of the Rights Shares or any securities described herein in the United States or to conduct a public offering of securities in the United States.



首鋼福山資源集團有限公司 SHOUGANG FUSHAN RESOURCES GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 639)

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THIRTY (30) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial Adviser to the Company



Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus unless otherwise stated.

The latest date and time for acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares is 4:00 p.m. on Tuesday, 5 November 2024. The procedure for acceptance and payment for or transfer of the Rights Shares is set out in the paragraph headed “Letter from the Board – Rights Issue – Procedures for acceptance or transfer” in this Prospectus.

The Rights Issue is on a non-underwritten basis. The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Pursuant to the Company’s articles of association and the Companies (WUMP) Ordinance, there are no requirements for minimum levels of subscription in respect of the Rights Issue. The Rights Issue is subject to fulfillment or satisfaction of the conditions of the Rights Issue as set out in the paragraph headed “Letter from the Board – Rights Issue – Conditions of the Rights Issue” in this Prospectus. If any of the conditions of the Rights Issue are not fulfilled or waived (as applicable) at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 24 October 2024 to Thursday, 31 October 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Thursday, 24 October 2024 to Thursday, 31 October 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed.

Any Shareholders or other persons contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares during such periods are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares and if they are in doubt about their position, they are recommended to consult their own professional advisers.

22 October 2024

CONTENTS

	<i>Page</i>
Notices	ii
Definitions	1
Expected Timetable	6
Letter from the Board	8
Appendix I – Financial Information of the Group	I-1
Appendix II – Unaudited Pro Forma Financial Information of the Group	II-1
Appendix III – General Information	III-1

NOTICES

The Shares have been dealt in on an ex-rights basis from Thursday, 10 October 2024 and the nil-paid Rights Shares are expected to be dealt from 9:00 a.m. on Thursday, 24 October 2024 to 4:00 p.m. on Thursday, 31 October 2024 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled. Any Shareholders or other persons dealing in the Shares up to the latest time at which all the conditions to which the Rights Issue is subject are fulfilled, which is expected to be 4:00 p.m. on Wednesday, 6 November 2024, and any persons dealing in the nil-paid Rights Shares from 9:00 a.m. on Thursday, 24 October 2024 to 4:00 p.m. on Thursday, 31 October 2024 (both days inclusive), will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed and should exercise caution.

Any Shareholder or other person who is in any doubt about his/her/its position is recommended to consult his or her own professional adviser.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he/she/it is aware of the restrictions on offers and sales of nil-paid Rights Shares and/or Rights Shares as described in this Prospectus.

NOTICE TO INVESTORS IN THE PRC (OTHER THAN THE PRC SOUTHBOUND TRADING INVESTORS)

The Rights Shares in nil-paid form or fully-paid form shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Southbound Trading Investor (subject to certain limitations in relation to the PRC Southbound Trading Investors' rights to participate in the Rights Issue as explained in this Prospectus), or such person or entity has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in the nil-paid Rights Shares or the fully-paid Rights Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or the fully-paid Rights Shares to any such Shareholder and/or resident, if issuing the nil-paid Rights Shares or the fully-paid Rights Shares to them does not comply with the relevant laws of the PRC.

NOTICES

NOTICE TO THE PRC SOUTHBOUND TRADING INVESTORS

The PRC Southbound Trading Investors can participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid Rights Shares through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for Excess Rights Shares under the Rights Issue through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect and the PRC Southbound Trading Investors are not permitted to purchase or transfer any other nil-paid Rights Shares.

The PRC Southbound Trading Investors cannot sell or subscribe for Rights Shares until after the Company completes its filing with the CSRC in accordance with the CSRC Notice.

NOTICE TO INVESTORS IN SINGAPORE

The offer of nil-paid Rights Shares and the Rights Shares by the Company is and will be made only to and directed at, and the nil-paid Rights Shares and Rights Shares are and will be only available to, persons in Singapore who are existing members of the Company as set out in the register of members of the Company pursuant to Section 273(1)(cd) of the Securities and Futures Act, 2001 of Singapore, as modified or amended from time to time (the “SFA”).

THIS PROSPECTUS AND ANY OTHER MATERIAL IN CONNECTION WITH THE OFFER OR SALE IS NOT A PROSPECTUS AS DEFINED IN THE SFA. ACCORDINGLY, STATUTORY LIABILITY UNDER THE SFA IN RELATION TO THE CONTENT OF PROSPECTUSES WOULD NOT APPLY TO THIS. YOU SHOULD CONSIDER CAREFULLY WHETHER THE OFFER OF NIL-PAID RIGHTS SHARES AND THE RIGHT SHARES IS SUITABLE FOR YOU. THIS PROSPECTUS HAS NOT BEEN, AND WILL NOT BE, LODGED OR REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE (THE “MAS”) AND THIS OFFERING IS NOT REGULATED BY ANY FINANCIAL SUPERVISORY AUTHORITY PURSUANT TO ANY LEGISLATION IN SINGAPORE.

Accordingly, the nil-paid Rights Shares and the Rights Shares are or will be offered pursuant to exemptions under the SFA only. The nil-paid Rights Shares and the Rights Shares and the interests therein may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any nil-paid Rights Shares or Rights Shares be issued, circulated or distributed, whether directly or indirectly, to any person in Singapore other than to an existing member of the Company pursuant to Section 273(1)(cd)(i) of the SFA.

This Prospectus has been given by the Company to you only, and you may not reproduce, forward, share, distribute or otherwise circulate this Prospectus or any other material in connection with the offer or sale to any other person.

NOTICES

By receipt of this Prospectus you have confirmed that you are entitled to receive such document in accordance with the restrictions set forth above and agree to be bound by the limitations contained herein.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the nil-paid Rights Shares and the Rights Shares are “prescribed capital markets products” (as defined in the CMP Regulations 2018).

FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect many assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Announcement”	the announcement of the Company dated 23 September 2024 in relation to the Rights Issue
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Investor Participant”	any person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	any person admitted to participate in CCASS as a direct clearing participant, a general clearing participant, a custodian participant, or any CCASS Investor Participant
“China Clear”	China Securities Depository and Clearing Corporation Limited
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“Company”	Shougang Fushan Resources Group Limited (首鋼福山資源集團有限公司), a company incorporated in Hong Kong with limited liability whose issued Shares are listed on the Stock Exchange (stock code: 639)

DEFINITIONS

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), the regulator and the enforcement agency of securities matters in the PRC
“CSRC Notice”	the notice of the CSRC “Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect” (關於港股通下香港上市公司向境內原股東配售股份的備案規定) (Announcement [2016] No. 21)
“Director(s)”	the director(s) of the Company for the time being
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) who wish to apply for the Excess Rights Share(s)
“Excess Rights Shares”	any nil-paid Rights Shares provisionally allotted but not validly accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance, any unsold entitlements of the Non-Qualifying Shareholders (if any) which would have been allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, and any of the Rights Shares created from the aggregation of fractions of the Rights Shares
“FINI”	“Fast Interface for New Issuance”, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with a CCASS Participant
“Last Practicable Date”	16 October 2024, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus
“Last Trading Day”	Friday, 20 September 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 5 November 2024, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for Excess Rights Shares as described in the Prospectus Documents
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nil-paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil paid form) before the Subscription Price is paid
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

DEFINITIONS

“PRC”	the People’s Republic of China and for the purpose of this Prospectus, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“PRC Southbound Trading Investor(s)”	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect
“Prospectus”	this prospectus issued in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Tuesday, 22 October 2024, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Non-Qualifying Shareholder(s), the Prospectus only)
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Monday, 21 October 2024, or on such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue will be determined
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the Company’s register of members of the Shares in which the Beneficial Owner is beneficially interested
“Registrar”	the Company’s Hong Kong share registrar, Tricor Tengis Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Regulation S”	Regulation S under the US Securities Act
“Rights Issue”	the issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of one (1) Rights Share for every thirty (30) existing Shares in issue and held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shanghai Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links programme developed by the Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$2.60 per Rights Share
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Trial Administrative Measures”	the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies” (境內企業境外發行證券和上市管理試行辦法) promulgated by the CSRC effective from 31 March 2023
“US” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“US Securities Act”	the United States Securities Act of 1933, as amended
“%”	per cent

English translations of the Chinese names or words which are included in this Prospectus and marked with “” are for identification purposes only, and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency, the Chinese names or words shall prevail.*

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that the conditions of the Rights Issue will be fulfilled. All times and dates in this Prospectus refer to Hong Kong local times and dates. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Event	Time and Date (Hong Kong time)
First day of dealings in nil-paid Rights Shares	Thursday, 24 October 2024
Latest time for splitting of PAL	4:30 p.m. on Monday, 28 October 2024
Last day of dealings in nil-paid Rights Shares	Thursday, 31 October 2024
Latest time for acceptance of and payment for the Rights Shares and application and payment for Excess Rights Shares	4:00 p.m. on Tuesday, 5 November 2024
Latest time for the Rights Issue to become unconditional.	4:00 p.m. on Wednesday, 6 November 2024
Announcement of allotment results of the Rights Issue.	Tuesday, 12 November 2024
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if any) for wholly and partially unsuccessful excess applications to be posted on or before	Wednesday, 13 November 2024
Commencement of dealings in fully-paid Rights Shares.	9:00 a.m. on Thursday, 14 November 2024

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION FOR AND PAYMENT FOR EXCESS RIGHTS SHARES

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoon as announced by the Government of Hong Kong, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Tuesday, 5 November 2024, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

LETTER FROM THE BOARD



首鋼福山資源集團有限公司
SHOUGANG FUSHAN RESOURCES GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 639)

Executive Directors:

Mr. Ding Rucai (*Chairman*)

Mr. Fan Wenli (*Managing Director*)

Mr. Chen Zhaoqiang (*Deputy Managing Director*)

Mr. Wang Dongming (*Deputy Managing Director*)

Non-executive Director:

Ms. Chang Cun

Independent Non-executive Directors:

Mr. Shi Yubao

Mr. Choi Wai Yin

Mr. Chen Jianxiong

Mr. Li Zeping

*Registered office and principal place of
business in Hong Kong:*

6th Floor

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

22 October 2024

To the Qualifying Shareholders

Dear Sir/Madam,

**RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY THIRTY (30) EXISTING SHARES
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement in relation to the Rights Issue on the basis of one (1) Rights Share for every thirty (30) existing Shares held on Record Date at the Subscription Price of HK\$2.60 per Rights Share.

The Rights Issue is not underwritten. The Rights Issue is subject to fulfillment or satisfaction of the conditions of the Rights Issue as set out in the paragraph headed “*Letter from the Board – Rights Issue – Conditions of the Rights Issue*” in this Prospectus. If any of the conditions of the Rights Issue are not fulfilled or waived (as applicable) at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with information relating to, among other things, (i) the Rights Issue; (ii) the financial information of the Group; and (iii) general information of the Group.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share (in nil-paid form) for every thirty (30) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$2.60 per Rights Share
Net price per Rights Share (i.e., Subscription Price less estimated expenses incurred in relation to the Rights Issue):	Approximately HK\$2.59 per Rights Share
Number of existing Shares in issue as at the Latest Practicable Date:	4,926,837,842 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 164,227,928 Rights Shares
Total number of Shares in issue upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed):	Up to 5,091,065,770 Shares (assuming no change in the number of the issued Shares on or before the completion of the Rights Issue other than the issuance and allotment of the Rights Shares)
Gross proceeds from the Rights Issue:	Up to approximately HK\$427.0 million (assuming all the Rights Shares will be taken up)
Right of excess applications:	Qualifying Shareholders (other than the PRC Southbound Trading Investors) are entitled to apply for the Excess Rights Shares in excess of their provisional allotment.

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

Assuming no change in the number of the issued Shares on or before the completion of the Rights Issue (other than the issuance and allotment of the Rights Shares), the 164,227,928 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) approximately 3.3% of the existing number of issued Shares as at the Latest Practicable Date; and (ii) approximately 3.2% of the number of issued Shares as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

LETTER FROM THE BOARD

Subscription Price

The Subscription Price is HK\$2.60 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, application for the Excess Rights Shares under the Rights Issue by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) or when a transferee of Nil-paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 1.96% over the closing price of HK\$2.55 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 2.52% over the average closing price of approximately HK\$2.5360 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 2.04% over the average closing price of approximately HK\$2.5480 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 9.62% to the closing price of HK\$2.85 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a discount of approximately 21.21% to the audited consolidated net asset value per Share of approximately HK\$3.30 based on the latest published audited consolidated net asset value attributable to Shareholders of approximately HK\$16,281.8 million as at 31 December 2023 as set out in the announcement of the Company in respect of the final results for the Company for the year ended 31 December 2023 and total number of issued Shares of 4,926,837,842 Shares as at the Latest Practicable Date;
- (vi) a discount of approximately 20.49% to the unaudited consolidated net asset value per Share of approximately HK\$3.27 based on the latest published unaudited consolidated net asset value attributable to Shareholders of approximately HK\$16,109.5 million as at 30 June 2024 as set out in the announcement of the Company in respect of the interim results for the Company for the six months ended 30 June 2024 and total number of issued Shares of 4,926,837,842 Shares as at the Latest Practicable Date; and
- (vii) a premium of approximately 30.65% to the unaudited consolidated net tangible asset value per Share of approximately HK\$1.99 based on the latest published unaudited consolidated net tangible asset value attributable to Shareholders of approximately HK\$9,805.23 million as at 30 June 2024 which is calculated on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$16,109.5 million, as at 30 June 2024 as set out in the announcement of the Company in respect of the interim results for the Company for the six months ended 30 June 2024, adjusted to exclude the goodwill of approximately HK\$1,189.5 million and mining rights after excluding the portion attributable to non-controlling interests of approximately HK\$5,114.84 million and total number of issued Shares of 4,926,837,842 Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Since the Company is incorporated in Hong Kong, the Rights Shares have no par value.

The Subscription Price was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the average discount of trading price to the consolidated net asset value attributable to the Shareholders for the past 20 days at 21.15% and past 120 days at 10.13% in the secondary market; (iii) the financial positions of the Group; (iv) the average discount level to the net asset value of comparable right issue transactions of companies in the similar industry since 2010; and (v) the reasons as discussed in the section headed “*Letter from the Board – Reasons for and benefits of the Rights Issue and use of proceeds*” in this Prospectus.

The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the Nil-paid Rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and the Qualifying Shareholders (other than the PRC Southbound Trading Investors) to apply for Excess Rights Shares subject to the level of acceptance; and (iii) the Subscription Price was determined taking into consideration, among others, valuation indicators including the prevailing market prices of the Shares, the average discount of trading price to the consolidated net asset value attributable to the Shareholders for the past 20 days at 21.15% and past 120 days at 10.13% in the secondary market, the financial positions of the Group, and the average discount level to the net asset value per Share of comparable transactions of companies in the similar industry since 2010. For the period of last 20 trading days up to the Last Trading Day, the closing price of the Shares ranged from HK\$2.50 to HK\$2.67, representing an average discount of approximately 21.15% to the consolidated net asset value attributable to the Shareholders per Share. For the period of last 120 trading days up to the Last Trading Day, the closing price of the Shares ranged from HK\$2.50 to HK\$3.57, representing an average discount of approximately 10.13% to the consolidated net asset value attributable to the Shareholders per Share. Given that the Shares have been consistently traded at a level below the consolidated net asset value attributable to the Shareholders per Share in the past 20 trading days and 120 trading days up to the Last Trading Day as mentioned above, the Directors consider that, in determining the Subscription Price, it is fair and reasonable to make reference primarily to the market price of the Shares, which reflects the fair market value of the Shares, rather than the net asset value attributable to the Shareholders per Share.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form. For the avoidance of doubt, holders of the Rights Shares will not be entitled to the interim dividend of HK9 cents per Share declared by the Board on 29 August 2024 for the six months ended 30 June 2024 payable to Shareholders whose names appear on the register of members of the Company at the close of business on 4 October 2024 (Friday).

LETTER FROM THE BOARD

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders on the Record Date. The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, despatch the Prospectus (without the PAL or the EAF) to the Non-Qualifying Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder:

- (i) must be registered as a member of the Company at the close of business on the Record Date; and
- (ii) is not a Non-Qualifying Shareholder.

Non-registered Shareholders (being such person or company whose Shares are held by nominee companies (or which are deposited in CCASS)) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company.

The latest time for acceptance of and payment for the Rights Shares and application for and payment for the Excess Rights Shares is expected to be at 4:00 p.m. on Tuesday, 5 November 2024. For the avoidance of doubt, those non-registered Shareholders who wish to subscribe for the Rights Shares should consult their Intermediaries for the deadline of such applications.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of PRC Southbound Trading Investors

According to the “Stock Connect Southbound Shareholding Search” available on the website of the Stock Exchange as at the Latest Practicable Date, China Clear held 313,241,111 Shares, representing approximately 6.36% of the total number of Shares in issue.

LETTER FROM THE BOARD

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (a) sell (in full or in part) their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for (in full or in part) their provisional allotment in respect of Rights Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for Excess Rights Shares under the Rights Issue through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts are credited with nil-paid Rights Shares could only sell those nil-paid Rights Shares on the Stock Exchange under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect but could not purchase any other nil-paid Rights Shares nor transfer any nil-paid Rights Shares to other PRC Southbound Trading Investors. The Company will file the Prospectus Documents with the CSRC in accordance with the CSRC Notice and after the Company completes such filing, the PRC Southbound Trading Investors may participate in the Rights Issue through China Clear.

The PRC Southbound Trading Investors should consult their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear and provide such intermediary with instructions on the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates in the paragraphs under “Expected timetable” of this Prospectus and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

According to the PRC legal adviser of the Company, as the Prospectus Documents are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Notice, the Rights Shares (both in nil-paid and fully-paid forms) issued to the PRC Southbound Trading Investors may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

The Prospectus Documents may not be publicly distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the Rights Shares (both in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to China Clear or to the extent in compliance with applicable PRC laws and regulations, and the Prospectus Documents may not be made publicly available in the PRC.

Rights of Non-Qualifying Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than (a) Hong Kong and (b) the PRC in accordance with the CSRC Notice and, if necessary, the Trial Administrative Measures. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

LETTER FROM THE BOARD

According to the register of members of the Company as at the Record Date, there were 3 Overseas Shareholders holding in aggregate 2,102,000 Shares (representing approximately 0.04% of issued Shares as at the Latest Practicable Date) with registered addresses situated in jurisdictions as follows:

Jurisdiction of the registered address of the Overseas Shareholders	Number of Overseas Shareholders	Aggregate number of Shares held	Approximate percentage of shareholding (%)
PRC	2	2,100,000	0.04
Singapore	1	2,000	0.00

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. Based on the legal advice provided by the legal advisers in the jurisdictions set out above as at the Latest Practicable Date and having considered the circumstances, the Directors are of the opinion that there is no legal restriction or requirement of any relevant regulatory body or stock exchange in such jurisdictions with respect to extending the Rights Issue to the Overseas Shareholders with registered address in such jurisdictions. Accordingly, there was no Non-Qualifying Shareholder as shown on the register of members of the Company on the Record Date.

Since there was no Non-Qualifying Shareholder as shown on the register of members of the Company on the Record Date, no arrangements will need to be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) to be provisionally allotted to a nominee and to be sold in the market in their nil-paid form.

Receipt of this Prospectus and/or a PAL and/or an EAF or the crediting of Nil-paid Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL and/or an EAF must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer nil-paid Rights Shares to any person in, into or from, the United States or any other jurisdiction in which such distribution or transfer is unlawful. If a PAL or an EAF or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus, a PAL or an EAF in, into or from such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

LETTER FROM THE BOARD

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in the United States or in any other jurisdiction in which such an offer or solicitation is unlawful. Overseas Shareholders and Beneficial Owners (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every thirty (30) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than thirty (30) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the section headed "*Letter from the Board – Rights Issue – Fractional entitlements to the Rights Shares*" in this Prospectus below.

Distribution of this Prospectus and the other Prospectus Documents

The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders.

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional advisor without delay. In particular, this Prospectus and the other Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from the United States or any other jurisdiction in which such distribution or transfer is unlawful. **The Company reserves the right to refuse to permit any Shareholder to take up his/her/its nil-paid Rights Shares or apply for excess Rights Shares where it believes that doing so would violate the Listing Rules or any applicable securities legislation or other laws or regulations of any jurisdiction.**

It is the responsibility of any person (including, but not limited to, any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Such persons should consult their own professional advisers if in doubt.

LETTER FROM THE BOARD

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong, the PRC in accordance with the CSRC Notice.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and rounded down to the nearest whole number. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) as described in the section headed “*Letter from the Board – Rights Issue – Application for Excess Rights Shares*” in this Prospectus below. No odd lot matching services will be provided.

Non-underwritten basis

Subject to the fulfilment for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Excess Rights Shares not being fully taken up by Qualifying Shareholders or transferees of Nil-paid Rights, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who applies to take up all or part of his/her/its entitlement under the PAL(s) or applies for Excess Rights Shares under the EAF(s) may unwittingly incur an obligation to make a general offer under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will, pursuant to the note to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder (except for HKSCC Nominees Limited) for his/her/its entitlement under the PAL or for Excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

As at the Latest Practicable Date, the Company has not received any information or irrevocable undertaking from any Shareholder of any intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue.

Procedures for Acceptance or Transfer

General

Any person (including, without limitation, agents, custodians, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

LETTER FROM THE BOARD

By accepting delivery of this Prospectus, each purchaser of the nil-paid Rights Shares or subscriber for the Rights Shares will be deemed to have agreed and given each of the following representations and warranties to the Company and to any person acting on its behalf, unless in its sole discretion the Company waives such requirement expressly in writing:

- (i) he/she/it was a Qualifying Shareholder (other than the PRC Southbound Trading Investors) on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the nil-paid Rights Shares, directly or indirectly, from such a person;
- (ii) he/she/it may lawfully be offered, take up, obtain, subscribe for and receive the nil-paid Rights Shares and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- (iii) he/she/it is not located in the United States;
- (iv) he/she/it is not accepting an offer to acquire or take up the nil-paid Rights Shares or the Rights Shares on a non-discretionary basis for a person who is located in the United States at the time the instruction to accept was given;
- (v) he/she/it is not taking up for the account of any person who is located in the United States, unless (a) the instruction to purchase or take up the nil-paid Rights Shares or to subscribe for or accept the Rights Shares was received from a person outside the United States and (b) the person giving such instruction has confirmed that it (1) has the authority to give such instruction and (2) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the nil-paid Rights Shares and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S;
- (vi) he/she/it is acquiring the nil-paid Rights Shares and/or the Rights Shares in an “offshore transaction” as defined in Regulation S;
- (vii) he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S;
- (viii) he/she/it is not acquiring the nil-paid Rights Shares or the Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of such nil-paid Rights Shares or Rights Shares into the United States; and
- (ix) he/she/it understands that neither the nil-paid Rights Shares nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States, and the nil-paid Rights Shares and the Rights Shares are being distributed and offered only outside the United States in reliance on Regulation S. Consequently he/she/it understands that the nil-paid Rights Shares or the Rights Shares may not be offered, sold, allotted, taken up, exercised, resold, renounced, pledged, delivered, distributed or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

LETTER FROM THE BOARD

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the representations and warranties above.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to take up his/her/its right to subscribe for any or all of the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on the Latest Time for Acceptance, i.e. Tuesday, 5 November 2024. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on a bank account with, or cashier's orders issued by, a licensed bank in Hong Kong and made payable to "**TRICOR TRUST (HONG KONG) LIMITED – A/C NO.58**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:00 p.m. on the Latest Time for Acceptance, whether by the original allottee or any person in whose favour the rights have been validly renounced or transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it has not been completed in accordance with the relevant instructions.

The PAL contains further information regarding the procedure to be followed for acceptance of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. Completion and return of a PAL together with a cheque or cashier's order in payment for the Rights Shares accepted will constitute a warranty by the applicant(s) that the cheque or cashier's order will be honoured on first presentation. If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid Rights Shares have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Wednesday, 13 November 2024. No receipt will be given for such remittance.

LETTER FROM THE BOARD

Transfers and “Splitting” of nil-paid Rights Shares

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under a PAL or to renounce or transfer his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of nil-paid Rights Shares to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of the original PAL), by not later than 4:30 p.m. on Monday, 28 October 2024 to the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The Registrar will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at the above address after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the nil-paid Rights Shares.

Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given in “Subscription for all Rights Shares provisionally allotted” above.

If a Qualifying Shareholder wishes to renounce or transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the “Registration Application Form” (Form C) in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Tuesday, 5 November 2024. No receipt will be given for such remittance.

It should be noted that Hong Kong stamp duty is payable by the transferor(s) and the transferee(s) in connection with the transfer of nil-paid Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

LETTER FROM THE BOARD

Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS)

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Owner in respect of your Shares or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in “Expected Timetable” and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect. Beneficial Owners resident in the United States or any other jurisdiction from which it is unlawful to participate in the Rights Issue are not permitted to take up their rights under the Rights Issue.

Action to be taken by Beneficial Owners holding interests in Shares deposited in CCASS

Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of your nil-paid Rights Shares. Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Rights Shares should be dealt with. The procedures for acceptance, transfer and/or “Splitting” of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “An Operating Guide for Investor Participants” and any other requirements of CCASS.

LETTER FROM THE BOARD

Beneficial Owners resident in the United States or any other jurisdiction from which it is unlawful to participate in the Rights Issue are not permitted to take up their rights under the Rights Issue.

Application for Excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess applications, for:

- (i) any nil-paid Rights Shares provisionally allotted but not validly accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance;
- (ii) any unsold entitlements of the Non-Qualifying Shareholders (if any) which would have been allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders; and
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares.

Application for Excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the sum payable for the Excess Rights Shares being applied for with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Tuesday, 5 November 2024. All remittances in respect of excess application must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "**TRICOR TRUST (HONG KONG) LIMITED – A/C NO.59**" and crossed "**Account Payee Only**".

Subject to the requirements of Rule 7.21(3)(b) of the Listing Rules and the applicable laws and regulations of the relevant jurisdictions, the Directors will allocate the Excess Rights Shares (if any) at their discretion on a fair and equitable basis under the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders (other than the PRC Southbound Trading Investors) who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for;
- (ii) reference will only be made to the number of Excess Rights Shares being applied for but no reference will be made to the Rights Shares comprised in applications by the PALs or the existing number of Shares held by the Qualifying Shareholders (other than the PRC Southbound Trading Investors);
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of Nil-paid Rights under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder (other than the PRC Southbound Trading Investors) who applies for Excess Rights Shares in full application; and
- (iv) no preference will be given to applications for topping up odd lots to whole board lots.

LETTER FROM THE BOARD

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for the Excess Rights Shares may be rejected at the sole discretion of the Board.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for Excess Rights Shares made by any controlling shareholders or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for Excess Rights Shares to the extent that the total number of Excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Any shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to Beneficial Owners individually save and except for the Beneficial Owner(s) which the Company may permit in its absolute discretion.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for Excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for Excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “EXPECTED TIMETABLE” as the latest time for application and payment for Excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect.

Beneficial Owners who are HKSCC participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for Excess Rights Shares. HKSCC Nominees Limited will allocate the Excess Rights Shares it receives to the relevant HKSCC participants pro rata to the number of Excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate. The procedures for application for Excess Rights Shares shall be in accordance with the “General Rules of HKSCC”, the “HKSCC Operational Procedures” and any other requirements of CCASS.

All cheques or banker’s cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which a cheque or cashier’s order is dishonoured on first presentation is liable to be rejected. Completion and return of the EAF together with a cheque or a banker’s cashier order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker’s cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereto, the Company reserves the right to reject any EAF in respect of which the accompanying cheque or banker’s cashier order is dishonoured on first presentation, and in that event, all rights thereunder will be deemed to have been declined and will be cancelled.

LETTER FROM THE BOARD

The EAF is for use only by the Qualifying Shareholders to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

It should be noted that no receipt will be issued in respect of any EAF and/or remittances received.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Wednesday, 13 November 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses.

If the Rights Issue does not become unconditional or does not proceed, the monies received in respect of the relevant provisional allotments and/or applications for Excess Rights Shares (if any) will be refunded to the Qualifying Shareholders or such other person to whom the Nil-paid Rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques sent by ordinary post on or before Wednesday, 13 November 2024 to such Qualifying Shareholders or such other person to their registered addresses at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for the Rights Shares and Excess Rights Shares (if any) are expected to be posted on or before Wednesday, 13 November 2024, by ordinary post to the applicants, at their own risk, to their registered addresses.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil-paid Rights or the fully-paid Rights Shares and, regarding the Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the Nil-paid Rights otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation.

It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Application for listing

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company in issue is listed or dealt in or for which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

LETTER FROM THE BOARD

Stamp duty and other applicable fees

Dealings in the Rights Shares (in both their nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, Accounting and Financial Reporting Council transaction levy and any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests if they are in any doubt.

Both the nil-paid and fully-paid Rights Shares will be traded on the Stock Exchange in the same board lot of 2,000 Shares.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (i) the passing of all the necessary resolution(s) by the Board to approve the Rights Issue and the transactions contemplated thereunder;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus stamped "For Information Only" to Non-Qualifying Shareholders (if any), both on or before the Prospectus Posting Date;
- (iv) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms;

LETTER FROM THE BOARD

- (v) the Company having complied with the requirements under all applicable laws and regulations; and
- (vi) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused.

All conditions set out above are incapable of being waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the conditions has been fulfilled.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue assuming all Rights Shares are subscribed by the Qualifying Shareholders, assuming there is no change in the shareholding structure of the Company before the completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately following completion of the Rights Issue (assuming no Qualifying Shareholders take up their entitlements under the Rights Issue, other than substantial Shareholders and Directors who hold the Shares)	
	No. of Shares	Approx. % (Note (vi))	No. of Shares	Approx. % (Note (vi))	No. of Shares	Approx. % (Note (vi))
Substantial Shareholders						
Shougang Holding						
<i>Shareholders (Note (i))</i>						
Ultimate Capital Limited	600,000,000	12.18	620,000,000	12.18	632,433,194	12.42
King Rich Group Limited	247,866,000	5.03	256,128,200	5.03	261,264,477	5.13
Shougang Holding (Hong Kong) Limited	15,492,000	0.31	16,008,400	0.31	16,329,425	0.32
(A) Sub-total	863,358,000	17.52	892,136,600	17.52	910,027,096	17.87

LETTER FROM THE BOARD

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately following completion of the Rights Issue (assuming no Qualifying Shareholders take up their entitlements under the Rights Issue, other than substantial Shareholders and Directors who hold the Shares)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
		(Note (vi))		(Note (vi))		(Note (vi))
Shoucheng Shareholders						
<i>(Note (ii))</i>						
Fine Power Group Limited	595,357,358	12.08	615,202,603	12.08	627,539,592	12.33
Fair Gain Investments Limited	179,385,969	3.64	185,365,501	3.64	189,082,736	3.71
(B) Sub-total	774,743,327	15.72	800,568,104	15.72	816,622,328	16.04
(A) + (B) Sub-total	1,638,101,327	33.24	1,692,704,704	33.24	1,726,649,424	33.92
Funde Sino Life Insurance Co., Ltd. (Note (iii))						
	1,398,284,000	28.38	1,444,893,467	28.38	1,473,868,694	28.95
Directors who hold the Shares:						
Mr. Chen Zhaoqiang (Note (iv))	1,110,000	0.02	1,147,000	0.02	1,170,001	0.02
Mr. Choi Wai Yin (Note (v))	650,000	0.01	671,667	0.01	685,136	0.01
Public Shareholders	1,888,692,515	38.33	1,951,648,932	38.33	1,888,692,515	37.10
Total	4,926,837,842	100.00	5,091,065,770	100.00	5,091,065,770	100.00

Notes:

- (i) Pursuant to the disclosure form dated 21 September 2023 (being the latest disclosure form filed up to the Latest Practicable Date) as published on the website of the Stock Exchange, Shougang Group Co., Ltd. was interested in the Shares held by its subsidiaries, namely: (i) Ultimate Capital Limited (a company indirectly wholly-owned by Shougang Holding (Hong Kong) Limited, holding 600,000,000 Shares); (ii) King Rich Group Limited (a company wholly-owned by Shougang Holding (Hong Kong) Limited, holding 247,866,000 Shares); and (iii) Shougang Holding (Hong Kong) Limited (a company wholly-owned by Shougang Group Co., Ltd., holding 15,492,000 Shares) (“**Shougang Holding Shareholders**”).
- (ii) Pursuant to the disclosure form dated 21 September 2023 (being the latest disclosure form filed up to the Latest Practicable Date) as published on the website of the Stock Exchange, Shoucheng Holdings Limited was interested in the Shares held by (a) Fine Power Group Limited (a company wholly-owned by Shoujing Yifei Holdings Limited which is in turn wholly-owned by Shoucheng Holdings Limited, holding 595,357,358 Shares); and (b) Fair Gain Investments Limited (a company wholly-owned by Shoujing Yifei Holdings Limited which is in turn wholly-owned by Shoucheng Holdings Limited, holding 179,385,969 Shares) (“**Shoucheng Shareholders**”).

LETTER FROM THE BOARD

- (iii) Pursuant to the disclosure form dated 21 September 2023 (being the latest disclosure form filed up to the Latest Practicable Date) as published on the website of the Stock Exchange, Funde Sino Life Insurance Co., Ltd. was interested in 1,398,284,000 Shares.
- (iv) Mr. Chen Zhaoqiang, being an executive Director is interested in 1,110,000 Shares as at the Latest Practicable Date.
- (v) Mr. Choi Wai Yin, being an independent non-executive Director is interested in 650,000 Shares as at the Latest Practicable Date.
- (vi) The aggregate percentage may not add up to 100% due to rounding.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is one of the most sizable integrated coking coal corporations in central-western China. Taking Shanxi Province as its major investment base, it is principally engaged in mining of coking coal, production and sales of raw and clean coking coal.

The purpose of the Rights Issue is to (i) increase the liquidity of and facilitate trading in the Shares, thus realising the Group's inherent values; (ii) provide general working capital to the Company and in turn improve liquidity of the Group's financial position; and (iii) provide additional capital reserve to prepare for future investment opportunities.

The Board is of the view that as compared with other options of equity financing, the Rights Issue enables the Qualifying Shareholders to maintain their respective proportional shareholdings in the Company by taking up their respective rights entitlement without leading to dilution in the shareholding interest of existing Shareholders. Also, the Qualifying Shareholders are offered more flexibility to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The estimated net proceeds of the Rights Issue are estimated to be not more than approximately HK\$425.4 million (assuming all the Rights Shares will be taken up). The Company intends to apply the entire net proceeds from the Rights Issue to the general working capital of the Group and/or additional capital reserve to capture business opportunities for coking coal mining business in the PRC, with an aim to strengthen its financial position to prepare for future investment opportunities.

The central government has made it clear that it will intensify macroeconomic control efforts, setting the GDP growth target for 2024 to be around 5%. Given the relatively high base last year, this target reflects the central government's confidence and determination in economic development. The economy and export data released indicate that the economy is gradually stabilising and overseas demand is recovering. In addition, central and local government departments continue to introduce supportive policies to promote the recovery of the real estate market. Domestic infrastructure investment and manufacturing exports will continue to be important drivers for steel demand in the future. Domestic coking coal supply, especially high-quality coking coal, will continue to be relatively tight. The Company remains cautiously optimistic about the market need of coking coal within the year, and believe that there will be potential to further develop and grow in coking mining business.

LETTER FROM THE BOARD

Upon considering various options, the Board deemed that equity financing, without incurring additional indebtedness and interest expenses, will be a better means for the Company to raise additional capital for further development, notwithstanding that the Group has abundant unrestricted bank balances and cash of approximately HK\$9,220 million as at 30 June 2024. The Board considers it is in the interests of the Company to undertake the Rights Issue before the end of 2024 financial year. The additional funds raised through the Rights Issue will strengthen the Group's capital structure and place the Group in a competitive position to capture future business development opportunities.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% within the 12 month period immediately preceding the date of the Announcement, and the Rights Issue is not underwritten by a Director, chief executive or substantial Shareholder (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Any Shareholder or other person dealing in the Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

LETTER FROM THE BOARD

Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Nil-paid Rights. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

By Order of the Board
Shougang Fushan Resources Group Limited
Ding Rucai
Chairman of the Board

1. FINANCIAL STATEMENTS OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 respectively is disclosed in the following documents which has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shougang-resources.com.hk):

- annual report of the Company for the year ended 2021 from pages 206 to 308 published on the website of the Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042901092.pdf>

- annual report of the Company for the year ended 2022 from pages 204 to 308 published on the website of the Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701798.pdf>

- annual report of the Company for the year ended 2023 from pages 229 to 332 published on the website of the Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501987.pdf>

- interim report of the Company for the six months ended 30 June 2024 from pages 8 to 51 published on the website of the Stock Exchange:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0912/2024091200695.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows, the Group had lease liabilities of approximately HK\$45 million and the Group had no outstanding bank borrowing. Apart from intra-group liabilities, as at 30 September 2024, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances, or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there had been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As mentioned in the Annual Report 2023, for the year ended 31 December 2023, the Group recorded a revenue of approximately HK\$5,891 million, representing a decrease of approximately HK\$2,324 million or 28% year on year (“YoY”) as compared with that of approximately HK\$8,215 million for the year ended 31 December 2022. The decrease in revenue was mainly driven by the decrease in average realised selling prices of clean coking coal by 20% YoY and the reduction in sales volume of clean coking coal by 7% YoY, together with the negative effect of the decrease in average exchange rate of RMB to HK\$ by 4.6% YoY on the revenue for the year ended 31 December 2023. For the year ended 31 December 2023, the Group recorded a net profit of approximately HK\$2,301 million, where net profit attributable to Shareholders amounted to approximately HK\$1,889 million, a decrease of 30% YoY. The Group’s financial condition remains solid, with plenty of funds to fully support further development.

Facing the difficult situation of a declining macroeconomic environment and the overall downturn in the coking coal market, the Group will continue its strategic focus to achieve budget targets, fully pushing forward initiatives to improve quality, reduce manpower, enhance production and increase efficiency. The Group has completed by transferring production from the upper coal seam to the lower coal seam at our one of three operating mines in July 2024 and has resumed production afterwards. The Group’s raw coking coal production volume is expected to gradually increase in the second half of 2024. The Group will also continue to invest in technological innovation to promote new quality productivity which is the development direction of national strategy and also in the coal industry. As a responsible company, the Group will intensify its efforts in environment, social and governance initiatives to achieve comprehensive and coordinated sustainable development. The Group will also accelerate the intelligence integrated transformation and cooperate with national efforts to achieve carbon neutrality by 2060. With its stable operation and financial position as well as strong cash flow, the Group will continue to monitor the development of the overall environment and economy to adjust our operating strategy in a timely manner. The Group will maintain stringent corporate governance and leverage its competitive advantages to create greater value for its shareholders, employees and society.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets (the “**Unaudited Pro Forma Financial Information**”) of the Group has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 30 June 2024.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company following the Rights Issue as at the date to which it is made up or at any future date. The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024, as extracted from the published interim report of the Group for the six months ended 30 June 2024 and is adjusted for the effect of the Rights Issue as described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue as at 30 June 2024	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue per Share	
<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i>	<i>HK\$</i> <i>(Note 3)</i>	
Rights Issue of				
164,227,928 Rights				
Shares to be issued at				
Subscription Price of				
HK\$2.60 per Rights				
Share	9,805,233	425,393	10,230,626	2.01
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- (1) The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company at 30 June 2024 of approximately HK\$9,805,233,000 is based on the unaudited consolidated net assets of the Group attributable to the equity holders of the Company at 30 June 2024 of approximately HK\$16,109,542,000, as shown on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 which is extracted from the published interim report of the Group for the six months ended 30 June 2024, adjusted to exclude the goodwill of approximately HK\$1,189,466,000 and mining rights after excluding the portion attributable to non-controlling interests of approximately HK\$5,114,843,000.
- (2) The estimated net proceeds from the Rights Issue are based on 164,227,928 Rights Shares (assuming no new Shares are issued and no repurchase of shares on or before the Record Date) at the Subscription Price of HK\$2.60 per Rights Share, after deduction of estimated share issue related expenses (including fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) payable by the Company of approximately HK\$1,600,000.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2024 is calculated by having the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 divided by the number of Shares of 5,091,065,770 as if the Rights Issue of 164,227,928 Shares was completed on 30 June 2024.
- (4) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report on the unaudited pro forma financial information of the Group received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Shougang Fushan Resources Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shougang Fushan Resources Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2024 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 22 October 2024, in connection with the proposed rights issue of the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the Group’s financial position as at 30 June 2024 as if the proposed rights issue had taken place at 30 June 2024. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the period ended 30 June 2024, on which a review report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*, (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 22 October 2024

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The total number of issued Shares as at the Latest Practicable Date and the maximum number of issued Shares immediately following completion of the Rights Issue (assuming no further change of number of Shares from the Latest Practicable Date to the completion of the Rights Issue) are set forth as follows:

Total number of Shares in issue as at the Latest Practicable Date	4,926,837,842
Total number of Rights Shares to be allotted and issued under the Rights Issue	164,227,928
Total number of Shares in issue immediately following completion of the Rights Issue	5,091,065,770

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company has applied to the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

a. Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

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

Long positions in the Shares

Name	Capacity in which interests are held	Number of Shares Interested	Approximate percentage of shareholding
Mr. Chen Zhaoqiang (i)	Beneficial Owner	1,110,000	0.02%
Mr. Choi Wai Yin (ii)	Beneficial Owner	650,000	0.01%

Notes:

- (i) Mr. Chen Zhaoqiang, being an executive Director is interested in 1,110,000 Shares as at the Latest Practicable Date.
- (ii) Mr. Choi Wai Yin, being an independent non-executive Director is interested in 650,000 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, or were required to be disclosed under the Codes.

As at the Latest Practicable Date, none of the Directors nor any of their spouses or minor children were granted or held options to subscribe for shares in the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised such rights.

b. Interests and short positions of substantial shareholders

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, so far as was known to the Directors or chief executive of the Company, the following individual and companies had interests or a short position in the Shares and/or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital:

Long positions in the Shares/underlying Shares

Name of Shareholders	Notes	Capacity in which interests are held	Number of Shares held	Percentage of shareholding
Shougang Group Co., Ltd.	1	Interests of controlled corporations	863,358,000	17.52%
Shoucheng Holdings	2	Interests of controlled corporations	774,743,327	15.72%
Ultimate Capital Limited	1	Beneficial Owner	600,000,000	12.18%
King Rich Group Limited	1	Beneficial Owner	247,866,000	5.03%
Fine Power Group Limited	2	Beneficial Owner	595,357,358	12.08%
Funde Sino Life	3	Beneficial Owner	1,398,284,000	28.38%

Notes:

1. Pursuant to the disclosure form dated 21 September 2023 (being the latest disclosure form filed up to the Latest Practicable Date) as published on the website of the Stock Exchange, Shougang Group Co., Ltd. was interested in the Shares held by its subsidiaries, namely; (i) Ultimate Capital Limited (a company indirectly wholly-owned by Shougang Holding (Hong Kong) Limited, holding 600,000,000 Shares); (ii) King Rich Group Limited (a company wholly-owned by Shougang Holding (Hong Kong) Limited, holding 247,866,000 Shares); and (iii) Shougang Holding (Hong Kong) Limited (a company wholly-owned by Shougang Group Co., Ltd., holding 15,492,000 Shares).
2. Pursuant to the disclosure form dated 21 September 2023 (being the latest disclosure form filed up to the Latest Practicable Date) as published on the website of the Stock Exchange, Shoucheng Holdings Limited was interested in the Shares held by (a) Fine Power Group Limited (a company wholly-owned by Shoujing Yifei Holdings Limited which is in turn wholly-owned by Shoucheng Holdings Limited, holding 595,357,358 Shares); and (b) Fair Gain Investments Limited (a company wholly-owned by Shoujing Yifei Holdings Limited which is in turn wholly-owned by Shoucheng Holdings Limited, holding 179,385,969 Shares).
3. Pursuant to the disclosure form dated 21 September 2023 (being the latest disclosure form filed up to the Latest Practicable Date) as published on the website of the Stock Exchange, Funde Sino Life Insurance Co., Ltd. was interested in 1,398,284,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares and/or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital.

4. DIRECTOR'S SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2023 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any material litigation or claim of material importance and no material litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group or to which any member of the Group may become a party.

7. MATERIAL CONTRACTS

The Group did not enter into any contracts which are or may be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within the two years immediately preceding the issue of this Prospectus.

8. EXPERT AND CONSENT

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

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of Laws of Hong Kong)

As at the Latest Practicable Date, the above expert has given and confirmed that it has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. EXPENSES

The expenses in connection with the Rights Issue, including professional fees payable to financial adviser, legal advisers, financial printer and other parties involved in the Rights Issue are estimated to amount to approximately HK\$1.6 million and are payable by the Company.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THIS RIGHTS ISSUE

Registered Office and Principal place of business in Hong Kong	6th Floor Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai Hong Kong
Company secretary	Ms. Kong Ling Yan 6th Floor Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai Hong Kong
Authorised representatives	Mr. Ding Rucai 6th Floor Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai Hong Kong Ms. Kong Ling Yan 6th Floor Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai Hong Kong
Share registrar and transfer office	Tricor Tengis Limited 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong

Principal bankers

Bank of China (Hong Kong) Limited
14th Floor, Bank of China Tower
1 Garden Road
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Chong Hing Bank Limited
Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

Agricultural Bank of China Limited,
Hong Kong Branch
50 Connaught Road Central
Hong Kong

Morgan Stanley Bank Asia Limited
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Bank of Shanghai (Hong Kong) Limited
34/F, Champion Tower
3 Garden Road
Central
Hong Kong

Hua Xia Bank Co., Ltd. Hong Kong Branch
18/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Auditor	PricewaterhouseCoopers Certified Public Accountants and Registered Public Interest Entity Auditor 22/F, Prince's Building Central Hong Kong
Legal adviser to the Company as to Hong Kong laws	Baker & McKenzie 14/F., One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Financial adviser to the Company	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place 88 Queensway Hong Kong

11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Ding Rucai (丁汝才), aged 59, had acted as a deputy general manager of the Company since August 2014, then was appointed as the vice chairman of the Board, an executive Director and managing Director in September 2014 and was re-designated as the Chairman from 29 January 2018. He is also the chairman of each of the Executive Committee and the Nomination Committee, and a director of certain subsidiaries of the Company.

Mr. Ding is a senior engineer in professor grade. He graduated from the School of Metallurgical and Ecological Engineering of the University of Science and Technology Beijing (北京科技大學冶金與生態工程學院) with a doctoral degree in ferrous metallurgy, he also studied senior business administration in the University of Warwick, United Kingdom. Mr. Ding has extensive experience in management of listed companies, mergers and acquisitions, production management of steel and coal industries, project construction management, trading of iron ore and coking coal resources and shipping management.

Previously, Mr. Ding was an executive director and the deputy managing director of Shougang Concord International Enterprises Company Limited (now known as Shoucheng Holdings) (SEHK:697), a listed company in Hong Kong.

Currently, Mr. Ding is a non-executive director of Mount Gibson Iron Limited (ASX:MGX), a company listed on the Australian Securities Exchange Limited. He also holds several senior positions in the group companies of Shougang Group, including the positions as a director and deputy managing director of Shougang Holding.

Mr. Fan Wenli (范文利), aged 44, was appointed as an executive Director and managing Director in November 2019. He is also a member of the Executive Committee and a director of certain subsidiaries of the Company.

Mr. Fan is a senior mining engineer and a certified safety engineer. He graduated from Wuhan University of Technology (武漢理工大學) with a bachelor's degree in mining resources engineering and then obtained a master's degree in mining engineering from University of Science and Technology Beijing.

Previously, Mr. Fan held various senior positions in Mining Corporation of Shougang Group Co., Ltd. (“**Shougang Mining**”) and had been responsible for mining production and operation safety for a long time. Mr. Fan served as the deputy mine manager of the iron ore production plants of Shougang Mining, namely Xingshan Iron Mine (underground mine) and Shuichang Iron Mine (open-pit mine). He also served as the deputy director and the director of production division of Shougang Mining during which he facilitated the commencement of production and the arrival at mine full production capacity of Xingshan Iron Mine. Mr. Fan has extensive management experience both in open-pit and underground mines.

Mr. Chen Zhaoqiang (陳兆強), aged 56, was appointed as an executive Director and deputy managing Director in January 2010. He is also a member of the Executive Committee and a director of certain subsidiaries of the Company.

Mr. Chen graduated from Jiaozuo Mining Institute (焦作礦業學院) with a bachelor degree majoring in mining engineering and obtained a master degree in management science from Huazhong University of Science & Technology (華中科技大學) and a finance executive master of business administration from Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學上海高級金融學院). He has extensive experience in coal mining industry including in the areas of production safety management for coal mining, purchase and logistics management, mineral resources development and coal trading.

Previously, Mr. Chen had engaged in many important posts in coal mining enterprises, including in Pingdingshan Coal Co. Ltd. * (平頂山煤業(集團)公司), Henan Pingbao Coal Co. Ltd.* (河南平寶煤業有限公司), and Henan Company for Coal Seam Gas Development & Application* (河南省煤層氣開發利用公司).

Mr. Wang Dongming (王冬明), aged 49, was appointed as an executive Director in June 2020 and further appointed as a deputy managing Director in November 2021. He is also a member of the Executive Committee and a director of certain subsidiaries of the Company.

Mr. Wang graduated from the University of Wales with a master degree in business administration. He has extensive experience in the fields of trading of mineral resources, investment and capital operation, and has also been awarded the practicing certificates in the asset management and securities categories by the Hong Kong Securities and Investment Institute respectively.

Mr. Wang had been working in Shougang Group for years, during which he served as the assistant general manager of Shougang International Mineral Resources Corporation to handle various overseas acquisition projects in relation to mineral resources. He had also acted as the assistant general manager of the Company. Mr. Wang had been the general manager of the investment department at Shougang Holding prior to his appointment as a deputy managing Director in 2021.

Non-executive Director

Ms. Chang Cun (常存), aged 46, was appointed as a non-executive Director in July 2018. She is also a member of the Audit Committee.

Ms. Chang is a certified public accountant in China and a certified internal auditor. She holds a bachelor degree in economics from Beijing Institute of Business (北京商學院) and a master degree in management from Beijing Technology and Business University (北京工商大學). Ms. Chang has extensive experience in accounting, auditing, financial and insurance businesses.

Previously, Ms. Chang held various positions in Funde Sino Life.

Currently, she is the director, deputy general manager and chief auditor of Funde Insurance Holdings Co., Ltd, the director and chief auditor of Funde Sino Life, the chief auditor of Sino Life AMC, and also the chief supervisor of The National Trust Co., Ltd respectively.

Independent non-executive Directors

Mr. Shi Yubao (時玉寶), aged 70, was appointed as a non-executive Director in September 2019, and was re-designated as an independent non-executive Director in March 2024. He is also the chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee respectively.

Mr. Shi is a senior economist and a senior political affairs specialist. He graduated from Chongqing University (重慶大學) with a master degree in business administration. Mr. Shi has extensive experience in the fields of corporate management, strategic planning and economic.

Previously, Mr. Shi held various senior positions in Chongqing Changan Industry (Group) Co., Ltd.* (重慶長安工業(集團)有限責任公司) including the chairman of its board of directors, chairman of its labour union, general manager, etc. In addition, he served as the factory director of the automobile manufacturing plants of the Changan Automobile (Group) Company Limited* (長安汽車(集團)有限公司), the chairman of the board of directors of Chongqing Changan Real Estate Development Co., Ltd.* (重慶長安房地產開發有限責任公司) and Changan Minsheng APLL Logistics Co., Ltd.* (重慶長安民生物流股份有限公司), a company listed in Hong Kong, respectively, and the chairman of supervisory committee of Chongqing Changan Automobile Co., Ltd.&* (重慶長安汽車股份有限公司), a company listed in Shenzhen. Mr. Shi also served as the external director of Shougang Group. Mr. Shi was a member of the 14th and 15th executive committee of China National General Labour Union, a member of the 2nd and 3rd labour union committee of Chongqing General Labour Union and a member of the expert group jury panel of Chongqing Enterprise Management Excellence Evaluation Committee.

Currently, he is the independent director of Chengdu Haoneng Technology Co., Ltd.* (成都豪能科技股份有限公司) (SSE: 603809), a company listed on the Shanghai Stock Exchange.

Mr. Choi Wai Yin (蔡偉賢), aged 66, was appointed as an independent non-executive Director in July 2004. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee respectively.

Mr. Choi holds a master degree of science in finance from the City University of Hong Kong, a bachelor degree in business administration from The Chinese University of Hong Kong and a bachelor degree in law from the Peking University. He has extensive experience in the fields of finance and fund management.

Currently, he is a director of Fargo Asset Management Limited, a private company incorporated in Hong Kong. Mr. Choi is also an investment adviser registered under the SFO.

Mr. Chen Jianxiong (陳建雄), aged 66, was appointed as an independent non-executive Director in June 2020. He is also a member of each of the Nomination Committee and the Remuneration Committee respectively.

Mr. Chen is a senior economist and a senior human resources management specialist. He graduated from Hong Kong Baptist University with a master of science degree in applied accounting and finance.

Previously, Mr. Chen was an executive director of China Orient Asset Management Co., Ltd.* (中國東方資產管理股份有限公司) and had held various senior positions there including the vice president, the board secretary and the general manager of human resources department. He also served sequentially as the chairman of the board of directors of Bangxin Asset Management Co., Ltd.* (邦信資產管理有限公司) and Orient Bangxin Finance Holding Co., Ltd.* (東方邦信融通控股股份有限公司). In addition, he had served as the head of deposits division and head of personnel and education division of Bank of China Zhejiang Branch. Mr. Chen has extensive experience in the fields of corporate management, economic and finance, human resources and banking.

Mr. Li Zeping (李澤平), aged 63, was appointed as an independent non-executive Director in September 2024. He is also a member of each of the Nomination Committee and the Remuneration Committee respectively.

Mr. Li holds a master degree of science in applied accounting and finance from Hong Kong Baptist University.

Mr. Li has held positions at institutions such as the Bank of China Head Office's Oriental Trust and Investment Company* (中國銀行總行東方信託投資公司) (now as the Bank of China's investment management department). He later served in several senior management roles at China Orient Asset Management Co., Limited (then known as China Orient Asset Management Company* (中國東方資產管理公司)), including the deputy general manager of the headquarters investment management department and the Nanjing office (now known as the Jiangsu Branch), where he was responsible for supervision and management, human resources management, investment management, and asset disposal review, etc. Additionally, he later also served as a director at Golden Credit Rating International Co., Ltd., the chairman of the supervisory board at China National Foreign Trade Financial & Leasing Co., Ltd., the chief supervisor at Bangxin Asset Management Co., Ltd., and served again at China Orient Asset Management Co., Limited as a supervisor (general manager level) of the Comprehensive Planning and Strategic Coordination Department.

Mr. Li has organised the engagement of accounting firms to conduct audits and due diligence on regulatory bodies' board of directors, senior management and risk management, accumulating extensive experience of over 10 years in financial asset management and corporate governance. He has demonstrated exceptional expertise in supervising the performance of boards and senior management.

Company secretary

Ms. Kong Ling Yan (江領恩), admitted as a solicitor in Hong Kong, holds a Master's degree in Corporate Governance, a Bachelor's degree in Law, a Bachelor's degree in Economics and the Postgraduate Certificate in Laws (PCLL). She is also a member of the Law Society of Hong Kong, a fellow member of the Hong Kong Chartered Governance Institute, and a fellow member of the Chartered Governance Institute. Ms. Kong has extensive experience in corporate and commercial legal matters, regulatory compliance for Hong Kong listed companies, corporate governance, as well as company secretarial matters. She previously served as the company secretary of the Company, thus possessing a relative understanding of the Company's operations.

Business address of the Directors, senior management and authorised representatives of the Company

The business address of the Directors, senior management and authorised representatives of the Company is the same as the principal place of business in Hong Kong of the Company located at 6th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

12. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent of the expert as referred to under the paragraph headed “8. Expert and Consent” in this appendix, have been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 38D of the Companies (WUMP) Ordinance.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shougang-resources.com.hk) for the period of fourteen (14) days from the date of this Prospectus:

- (i) the report from PricewaterhouseCoopers regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (ii) the written consent as referred to in the paragraph headed “8. Expert and Consent” in this appendix; and
- (iii) this Prospectus.

15. MISCELLANEOUS

- (i) In the case of any discrepancies, the English version of the Prospectus Documents shall prevail over their respective Chinese version.
- (ii) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.