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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Shougang Fushan Resources Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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# 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)

## POSSIBLE DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO RENEWAL OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT AND NOTICE OF GENERAL MEETING

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

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
泓博資本有限公司

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

A letter from the Board is set out on pages 5 to 25 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the terms of the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder is set out on pages 28 to 40 of this circular.

A notice convening a GM to be held at 11:00 a.m. on Friday, 30 January 2026 at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong is set out on pages 45 to 46 of this circular. A form of proxy for the GM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the GM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the GM (i.e. at or before 11:00 a.m. on Wednesday, 28 January 2026 (Hong Kong time)), or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM or any adjourned meeting thereof (as the case may be) should you so wish.

No refreshments or drinks, and corporate gifts or gift coupons will be provided at the GM.

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“2023 Financial Services Framework Agreement”	the financial services agreement entered into between the Company and Shougang Finance on 8 December 2023, for the period from 8 December 2023 to 31 December 2025 (both dates inclusive);
“2026 Financial Services Framework Agreement”	the financial services agreement entered into between the Company and Shougang Finance on 22 December 2025, for the period from 1 January 2026 to 31 December 2028 (both dates inclusive);
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Cash Position”	represents the sum of cash and cash equivalents, time deposits with original maturity over three months and pledged and restricted bank deposits;
“Company”	Shougang Fushan Resources Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0639);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules;
“Credit Services”	the credit services to be provided by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement;
“Daily Credit Cap(s)”	the proposed annual caps for maximum daily credit balance (including accrued interest) received by the Group from Shougang Finance pursuant to the 2026 Financial Services Framework Agreement;
“Daily Deposit Cap(s)”	the proposed annual caps for maximum daily balance of deposits (including accrued interest) placed by the Group with Shougang Finance pursuant to the 2026 Financial Services Framework Agreement;

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## DEFINITIONS

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“Deposit Services”	the deposit services to be provided by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement;
“Director(s)”	the director(s) of the Company;
“GM”	the general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among others, the Deposit Services and Credit Services under the 2026 Financial Services Framework Agreement and the Daily Deposit Caps and the Daily Credit Caps;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders on the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Daily Deposit Caps and the Daily Credit Caps);
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in relation to the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Daily Deposit Caps and the Daily Credit Caps);
“Independent Shareholders”	the Shareholders, other than Shougang Group and its associates;
“Interim Daily Credit Cap”	the interim cap for maximum daily credit balance (including accrued interest) received by the Group from Shougang Finance pursuant to the 2026 Financial Services Framework Agreement for the period from 1 January 2026 to the date immediately preceding the approval of the Daily Credit Caps by the Independent Shareholders at the GM;

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## DEFINITIONS

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“Interim Daily Deposit Cap”	the interim cap for maximum daily balance of deposits (including accrued interest) placed by the Group with Shougang Finance pursuant to the 2026 Financial Services Framework Agreement for the period from 1 January 2026 to the date immediately preceding the approval of the Daily Deposit Caps by the Independent Shareholders at the GM;
“Latest Practicable Date”	13 January 2026, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 of the Listing Rules;
“NFRA”	National Financial Regulatory Administration (國家金融監督管理總局);
“Other Financial Services”	the settlement services, consultancy services and other financial services to be provided by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement, including but not limited to agency fees, handling fees, and other fees received in respect of payment and settlement services, loan services, bill acceptance and discounting services, non-financing guarantee letter services, and financial consultancy services;
“PBOC”	the People’s Bank of China, the central bank of the PRC with the statutory authority to, inter alia, control monetary policy in the PRC;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Service Fees Cap(s)”	the proposed annual caps for the aggregate amount of service fees payable by the Group to Shougang Finance pursuant to the 2026 Financial Services Framework Agreement;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

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## DEFINITIONS

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“Shougang Finance”	Shougang Group Finance Company Limited, a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of Shougang Group, is a financial institution in the PRC regulated by the NFRA;
“Shougang Group”	Shougang Group Co., Ltd., a state-owned enterprise established in the PRC and a substantial shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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## LETTER FROM THE BOARD

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# 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. Chen Yi (*Chairman*)

Mr. Fan Wenli (*Managing Director*)

Mr. Chen Zhaoqiang (*Deputy Managing Director*)

Mr. Wang Dongming (*Deputy Managing Director*)

*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

*Non-executive Directors:*

Ms. Chang Cun

Mr. Xu Qian

*Independent Non-executive Directors:*

Mr. Chen Jianxiong

Mr. Choi Wai Yin

Mr. Li Zeping

Mr. Shi Yubao

15 January 2026

*To the Shareholders*

Dear Sir or Madam,

### **POSSIBLE DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO RENEWAL OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT AND NOTICE OF GENERAL MEETING**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 8 December 2023 in relation to the 2023 Financial Services Framework Agreement entered into between the Company and Shougang Finance on 8 December 2023 in relation to the provision of certain financial services, namely the Deposit Services, Credit Services and Other Financial Services by Shougang Finance to the Group for the period from 8 December 2023 to 31 December 2025. Reference is also made to the announcement of the Company dated 22 December 2025 in relation to, among others, the entering into of the 2026 Financial Services Framework Agreement between the Company and Shougang Finance.

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## LETTER FROM THE BOARD

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The 2023 Financial Services Framework Agreement expired on 31 December 2025, and it was expected that the Group would continue to enter into normal commercial transactions similar to those contemplated under the 2023 Financial Services Framework Agreement with Shougang Finance from time to time thereafter. Accordingly, on 22 December 2025, the Company entered into the 2026 Financial Services Framework Agreement with Shougang Finance in relation to the provision of certain financial services, namely the Deposit Services, Credit Services and Other Financial Services by Shougang Finance to the Group for the period from 1 January 2026 to 31 December 2028.

The purpose of this circular is:

- (i) to provide the Shareholders with further details of the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder;
- (ii) to set out the opinions of the Independent Financial Adviser in respect of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Daily Deposit Caps and the Daily Credit Caps);
- (iii) to set out the recommendations of the Independent Board Committee in respect of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Daily Deposit Caps and the Daily Credit Caps); and
- (iv) to give the Shareholders notice of the GM to consider and, if thought fit, to approve the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Daily Deposit Caps and the Daily Credit Caps).

### THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

On 22 December 2025, the Company entered into the 2026 Financial Services Framework Agreement with Shougang Finance in relation to the provision of financial services by Shougang Finance to the Group for the period from 1 January 2026 to 31 December 2028.

The principal terms of the 2026 Financial Services Framework Agreement are set out as follows:

#### Date

22 December 2025

#### Parties

1. the Company; and
2. Shougang Finance

#### Term

The term of the 2026 Financial Services Framework Agreement commences on 1 January 2026 and ends on 31 December 2028 (both days inclusive).

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## LETTER FROM THE BOARD

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### Condition precedent

The Daily Deposit Caps and the Daily Credit Caps under the 2026 Financial Services Framework Agreement are conditional upon the approval by the Independent Shareholders at the GM.

Accordingly, pending the approval of the Independent Shareholders at the GM or if the approval of the Independent Shareholders is not obtained at the GM, the Group and Shougang Finance shall transact with each other to the extent that the Interim Daily Deposit Cap and the Interim Daily Credit Cap shall not be exceeded.

### Scope of services provided by Shougang Finance

Pursuant to the 2026 Financial Services Framework Agreement, Shougang Finance shall provide certain financial services, namely the Deposit Services, Credit Services and Other Financial Services to the Group, the details of which are set out as follows:

#### *(i) Deposit Services*

Shougang Finance shall provide various types of deposit services to the Group, including but not limited to current deposits, time deposits, call deposits and agreement deposits. The daily balance of all the deposits placed by the Group with Shougang Finance shall not be higher than the applicable Interim Daily Deposit Cap and the Daily Deposit Caps. The Group is free to withdraw its deposit placed with Shougang Finance. Current deposit and call deposit placed with Shougang Finance is not subject to any restrictions and/or penalties upon withdrawal. Time deposits and agreement deposits will be subject to time and other restrictions as agreed at the time when the deposits are placed with Shougang Finance and early withdrawal will not be subject to penalties except that the Group may earn interests at saving deposit rate instead of agreed deposit interest on the deposits if there is early withdrawal, which are common commercial terms on deposits placed with other third party financial institutions in the PRC.

#### *(ii) Credit Services*

Shougang Finance shall provide credit services to the Group, including but not limited to loans, acceptance of bills, bill discounting, bill pledging, guarantees and other forms of financing businesses. The combined amount of the facilities provided shall not be higher than the applicable Interim Daily Credit Cap and Daily Credit Caps.

#### *(iii) Other Financial Services*

Shougang Finance shall provide the other financial services, including but not limited to agency fee, handling fee and other fees received in respect of the provision of payment and settlement services, loan services, bill acceptance and discounting services, non-financing guarantee letter services and financial consultancy services, etc.

The Group and Shougang Finance will enter into separate agreement(s) setting out the specific scope of services, deposit rates, interest rates, fees, manner and method of payment, and the terms and conditions thereunder for each service, which shall be determined after arm's length negotiations between the parties in accordance with normal commercial terms and the 2026 Financial Services Framework Agreement.

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## LETTER FROM THE BOARD

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### Right to obtain services from other service providers or financial institutions

The financial services to be provided by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement shall be on a non-exclusive basis. The Group has the right to obtain services from other service providers or financial institutions in addition to those provided by Shougang Finance pursuant to the 2026 Financial Services Framework Agreement.

The Group will use the services provided by Shougang Finance on a voluntary and non-compulsory basis and is not obliged to engage Shougang Finance for any particular service.

### Pricing Basis

#### (i) *Deposit Services*

##### *Pricing Policies*

The deposit interest rate provided by Shougang Finance to the Group shall not be lower than any of the following: (i) the interest rate of the same type of deposits placed by the Group with the major domestic or overseas commercial banks under the same terms and conditions; (ii) the interest rate of the same type of deposits issued by the PBOC if applicable; and (iii) the interest rate of the same type of deposits offered by Shougang Finance to subsidiaries of the Shougang Group; and shall be determined after arm's length negotiations between the parties in accordance with normal commercial terms.

##### *Historical Amounts*

The existing daily deposit caps under the 2023 Financial Services Framework Agreement and historical maximum daily balance of deposits (including accrued interest) placed by the Group with Shougang Finance are set out as follows:

	For the period from <b>8 December 2023 to 31 December 2023</b>	For the year ended <b>31 December 2023</b>	For the period from 1 January <b>2025 to 22 December 2025</b>
Existing daily deposit caps	<i>RMB'000</i> (approximately)	<i>RMB'000</i> (approximately)	<i>RMB'000</i> (approximately)
Historical maximum daily balance of deposits (including accrued interest)	560,000	560,000	560,000 <sup>1</sup>
Utilisation rate	400,095	459,781	519,266
	71%	82%	93%

1 For the year ending 31 December 2025.

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## LETTER FROM THE BOARD

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### *Proposed Annual Caps and the Basis of Determination*

The Daily Deposit Caps, representing the proposed maximum daily balance of deposits (including accrued interest) placed by the Group with Shougang Finance, during the term of the 2026 Financial Services Framework Agreement, are set out as follows:

	<b>For the period from 1 January 2026 to the date preceding the approval at the GM</b>			
	<b>For the year ending 31 December 2026</b>	<b>For the year ending 31 December 2027</b>	<b>For the year ending 31 December 2028</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Daily Deposit Caps	660,000 <sup>(Note 1)</sup>	2,500,000	2,500,000	2,500,000

*Note 1:* For the period from 1 January 2026 to the date immediately preceding the approval of the Daily Deposit Caps by the Independent Shareholders at the GM, the Interim Daily Deposit Cap shall be RMB660,000,000, which shall be increased to RMB2,500,000,000, subject to obtaining the approval of the Independent Shareholders at the GM.

The above Daily Deposit Caps were determined after taking into account the following:

1. the historical maximum daily balance of deposits (including accrued interest) of the Group placed with Shougang Finance under the 2023 Financial Services Framework Agreement. The historical utilisation rate of the maximum daily balance of deposits placed by the Group with Shougang Finance under the 2023 Financial Services Framework Agreement was up to 93%. The Group has adopted an internal treasury policy of the Group governing the upper limit of Cash Position to be placed by the Group with each financial institution, which is determined based on a multi-dimensional rating and scoring framework. Pursuant to the treasury policy, the Group can deposit an upper limit of 25% of the Group's Cash Position with Shougang Finance. Given the historical utilization rate of the maximum daily balance of deposits, the Group intends to utilize the Deposit Services provided by Shougang Finance and thus sets the upper limit of Cash Position to be placed by the Group with Shougang Finance as the Daily Deposit Caps;
2. the Daily Deposit Caps represent approximately 25.9% of the Group's maximum Cash Position in the past three years;
3. the Daily Deposit Caps represent approximately 24.2% of the Group's current assets as at 30 June 2025 amounting to approximately RMB10,350 million;

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## LETTER FROM THE BOARD

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4. as at 30 June 2025, the Group had (a) the cash and cash equivalents of HKD6,880 million (equivalent to approximately RMB6,490 million); (b) time deposits with original maturity over three months of approximately HKD 2,566 million (equivalent to RMB2,421 million); and (c) pledged and restricted bank deposit of approximately HKD657 million (equivalent to RMB620 million) and the Daily Deposit Caps represent approximately 26.2% of the Group's Cash Position as at 30 June 2025 amounting to approximately RMB9,531 million (being the sum of (a) to (c) above) and approximately 25.9% of the Group's maximum Cash Position in the past three years amounting to approximately RMB9,637 million, and approximately 32.9% of the Group's time deposits (including with original maturity equal or less than three months) at banks and financial institutions of approximately RMB7,600 million as at 30 June 2025;
5. the estimated annual cash flows of the Group and the expected growth of the business operation of the Group; and
6. the expected demand of the Group for deposit services provided by Shougang Finance, as a result of its competitive edge over other financial services providers becoming more apparent arising from continuing improvement in its services which can better serve the business and development needs of the Group.

It is expected that the growth of the Group's business operation will be stable with positive net cash inflow from operating and based on the Group's maximum Cash Position in the past three years of approximately RMB9,637 million and the Group's Cash Position as at 30 June 2025 of approximately RMB9,531 million, it is expected that the Cash Position of the Group would maintain at the level of approximately RMB10,000 million for the three years ended on 31 December 2028. Based on the current limit ratio of Shougang Finance of 25%, the Daily Deposit Cap for each of the three years ended on 31 December 2028 was determined to be RMB2,500 million. The Interim Daily Deposit Cap of RMB660 million was determined based on the maximum balance of deposits (including accrued interest) of approximately RMB520 million in 2025 with a buffer of RMB140 million before the approval at the GM.

In view of the above, the Directors (including the independent non-executive Directors but excluding the Directors who have material interests in the transactions contemplated hereunder as described in the section headed "LISTING RULES IMPLICATIONS" of this circular below) consider that the terms in relation to the provision of Deposit Services under the 2026 Financial Services Framework Agreement and the above Interim Daily Deposit Cap and Daily Deposit Caps in respect of the provision of the Deposit Services are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### (ii) Credit Services

#### *Pricing Policies*

The interest rates or fee rates provided by Shougang Finance to the Group shall be determined with reference to the borrowing interest rates for the same type of loans and period quoted by at least three other major domestic or overseas commercial banks and make reference to the interest rate of the same type of loan and period issued by the PBOC if applicable; and shall not be higher than the interest rates or fee rates of the same type of credit services obtained by the Group from other domestic or overseas financial institutions under the same terms and conditions; and shall be determined after arm's length negotiations between the parties in accordance with normal commercial terms.

#### *Historical Amounts*

The existing daily credit caps under the 2023 Financial Services Framework Agreement and historical maximum daily credit balance (including accrued interest) received by the Group from Shougang Finance are set out as follows:

	<b>From the period from 8 December 2023 to 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the period from 1 January 2025 to 22 December 2025</b>
	<i>RMB'000 (approximately)</i>	<i>RMB'000 (approximately)</i>	<i>RMB'000 (approximately)</i>
Existing daily credit caps	56,000	56,000	56,000 <sup>1</sup>
Historical maximum daily credit balance (including accrued interest)	0	0	0

1 For the year ending 31 December 2025.

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## LETTER FROM THE BOARD

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### *Proposed Annual Caps and the Basis of Determination*

The Daily Credit Caps, representing the proposed maximum daily credit balance (including accrued interest) received by the Group from Shougang Finance during the term of the 2026 Financial Services Framework Agreement, are set out as follows:

	<b>For the period from 1 January 2026 to the date preceding the approval at the</b>	<b>For the year ending 31 December</b>	<b>For the year ending 31 December</b>	<b>For the year ending 31 December</b>
	<b>GM</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Daily Credit Caps	660,000 <i>(Note 1)</i>	2,500,000	2,500,000	2,500,000

*Note 1:* For the period from 1 January 2026 to the date immediately preceding the approval of the Daily Credit Caps by the Independent Shareholders at the GM, the Interim Daily Credit Cap shall be RMB660,000,000, which shall be increased to RMB2,500,000,000, subject to obtaining the approval of the Independent Shareholders at the GM.

The above Daily Credit Caps were determined after taking into account the following:

1. the expected macroeconomic environment of the relevant business, business development plan and capital requirements of the Group, in particular the expected funding requirements of future development of the Group such as acquisitions and expansion of production capacity;
2. the current scale of assets and business of the Group is such that the Daily Credit Caps represent approximately 11.6% of the Group's total assets as at 30 June 2025, amounting to approximately RMB21,596 million;
3. the needs to broaden financing channels and enhance the flexibility of funding sources for future business development including but not limited to potential coal mining projects and potential acquisitions, the demand of the Group to issue acceptance of bills and guarantees and use of loans will increase;
4. the registered capital of Shougang Finance was enlarged by RMB2 billion recently which has considerably enhanced its comprehensive strength especially in terms of scope and scale of financial services offerings. Shougang Finance will take into consideration of the needs of members of Shougang Group. The Group will also make greater use of the credit services provided by Shougang Finance if necessary; and

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## LETTER FROM THE BOARD

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5. the Company always explores potential coal mining projects to expand its operation and capability and thus the Company may need further funding by loan financing in the future. Historically, due to (i) the sharp surge in coal prices during 2021 and 2022 driven by the Russia–Ukraine conflict and (ii) the high price of coal resulting in elevated bids from potential sellers, the Company did not acquire any mining projects and thus had not utilized the historical maximum daily credit balance. Subsequently, the coal prices have declined and remained relatively stable in 2024 and 2025. With the retreat in coal prices, the Company plans to tag along with the trend and explore opportunities to pursue potential coal mining projects and/or other potential acquisitions. The Daily Credit Caps can enable the Company with greater financial flexibility in satisfying future funding need and enhance efficiency in the implementation of the potential projects.

In view of the above, the Directors (including the independent non-executive Directors but excluding the Directors who have material interests in the transactions contemplated hereunder as described in the section headed “LISTING RULES IMPLICATIONS” of this circular below) consider that the terms in relation to the provision of Credit Services under the 2026 Financial Services Framework Agreement and the above Interim Daily Credit Cap and Daily Credit Caps in respect of the provision of the Credit Services are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **(iii) Other Financial Services**

#### *Pricing Policies*

The service fees payable by the Group to Shougang Finance shall not be higher than the service fees of the same type of financial services quoted by other domestic or overseas financial institutions under the same terms and conditions, subject to the compliance with the services fee standards stipulated by the PBOC or the NFRA and shall be determined after arm's length negotiations between the parties in accordance with normal commercial terms.

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## LETTER FROM THE BOARD

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### *Historical Amounts*

The existing service fees caps under the 2023 Financial Services Framework Agreement and historical aggregate amount of service fees payable by the Group to Shougang Finance are set out as follows:

	<b>For the period from 8 December 2023 to 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the period from 1 January 2025 to 22 December 2025</b>
	<i>RMB'000 (approximately)</i>	<i>RMB'000 (approximately)</i>	<i>RMB'000 (approximately)</i>
Existing service fees caps	3,000	10,000	10,000 <sup>1</sup>
Historical aggregate amount of service fees	0	0	0

1 For the year ending 31 December 2025.

### *Proposed Annual Caps*

The Service Fees Caps, representing the proposed annual caps for the aggregate amount of service fees payable by the Group to Shougang Finance during the term of the 2026 Financial Services Framework Agreement, are set out as follows:

	<b>For the year ending 31 December 2026</b>	<b>For the year ending 31 December 2027</b>	<b>For the year ending 31 December 2028</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Service Fees Caps	10,000	10,000	10,000

The above Service Fees Caps were determined after taking into account the following:

1. the Other Financial Services provided by Shougang Finance under the 2023 Financial Services Framework Agreement have been provided free of charge and thus the historical aggregate amount of service fees was zero. The Service Fees Caps were determined on the basis that the service fees payable by the Group to Shougang Finance will be on normal commercial terms;
2. the expected scope and service specifications of the Other Financial Services; and
3. the expected demand for the Other Financial Services (such as arrangement fee for loans) by the Group with reference to the existing scale of operations and anticipated growth and acquisitions.

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## LETTER FROM THE BOARD

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In view of the above, the Directors (including the independent non-executive Directors but excluding the Directors who have material interests in the transactions contemplated hereunder as described in the section headed “LISTING RULES IMPLICATIONS” of this circular below) consider that the terms in relation to the provision of Other Financial Services under the 2026 Financial Services Framework Agreement and the above Service Fees Caps in respect of the provision of the Other Financial Services are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### INTERNAL CONTROL

#### (i) Deposit Services

The internal control measures on the determination of deposit interest rate for the Deposit Services are as follows:

1. Before entering into any deposit arrangements with Shougang Finance, the Group will obtain and review the deposit interest rates for the same type of deposits quoted by at least three other major domestic or overseas commercial banks and make reference to the interest rate of PBOC and make reference to the interest rate of the same type of deposits issued by the PBOC.
2. The Group will enter into individual agreement(s) with Shougang Finance as and when necessary to ensure that the deposit interest rate of the Deposit Services under the 2026 Financial Services Framework Agreement will be no less favourable to the Group than the deposit interest rates for the same type of deposits quoted by the other major domestic or overseas commercial banks.

The internal control measures on monitoring the maximum daily balance of deposits (including accrued interest) in relation to the Deposit Services are as follows:

1. The finance department of the Company will monitor the aggregate amount of funds deposited into the designated accounts of the Group at Shougang Finance together with accrual interest on a daily basis to ensure that the applicable Interim Daily Deposit Cap and Daily Deposit Caps will not be exceeded. In addition, if the deposits of the Group placed with Shougang Finance are expected to exceed the applicable Interim Daily Deposit Cap and Daily Deposit Caps, Shougang Finance shall inform the Company in a timely manner and the Group will arrange for the transferring of funds to other deposit accounts of the Group or suspend additional Deposit Services.
2. The finance department of the Company has implemented a reporting mechanism whereby the responsible finance officer will report to the chief financial officer of the Company and the Board if the daily balance of deposits (including accrued interest) approaches or is projected to exceed the approved limit, thereby enabling timely intervention.
3. The finance department of the Company will report and provide updates to the management of the Company on the deposit arrangements with Shougang Finance on a monthly basis.

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## LETTER FROM THE BOARD

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4. The independent non-executive Directors and auditor of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Deposit Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Deposit Services) are in accordance with the terms of the 2026 Financial Services Framework Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole, and in accordance with the pricing policies, the Interim Daily Deposit Cap and the Daily Deposit Caps.

In addition, the Directors have conducted a detailed assessment of the credit risk associated with placing deposits with Shougang Finance. In arriving at their view that the risk is acceptable and controllable, the Directors have taken into account the following key factors:

1. Shougang Finance, as a non-bank financial institution approved by the NFRA, is required to operate in strict compliance with the requirements of the NFRA and requirement under the Measures for the Administration of Finance Companies of Enterprise Groups\* (《企業集團財務公司管理辦法》) including capital risk guidelines and requisite capital adequacy ratios. In addition, Shougang Group stands as a reliable backup. Pursuant to the articles of association of Shougang Finance, Shougang Group is obligated to replenish Shougang Finance's capital when necessary and shall increase its capital in the event of an emergency where Shougang Finance faces payment difficulty. This serves as a strong assurance of the reliability of Shougang Finance. As of the end of June 2025, Shougang Finance's total assets reached RMB 56.175 billion, with revenue of RMB 730 million and net profit of RMB 239 million in the first half of the year. Core indicators such as capital adequacy ratio (26.96%) and liquidity ratio (43.51%) exceed regulatory requirements. Shougang Finance has received an A-level tax credit rating for four consecutive years from 2022 to 2025, and ranked 46th among 257 peers in asset size (2020). In addition, Fitch Ratings has affirmed Beijing-based diversified service provider Shougang Group's Long-Term Issuer Default Rating and senior unsecured rating at "A-". All of these are demonstrating a solid finance base.
2. Shougang Finance shall provide the Group with its quarterly financial statements and annual audit report for the review by the management of the Company.
3. Shougang Finance shall provide an information system platform to assist with the internal financial management of the Group so that the Group can real-time monitor its accounts and funds.
4. For the purpose of credit assessment, the finance department of the Company will review (i) the financial reports and other statements provided by Shougang Finance (as stated in paragraph (2) above) on a regular basis; and (ii) review the credit rating reports on Shougang Group and/or Shougang Finance (if any) published by credit rating agencies recognized by the PBOC and other international rating agencies from time to time.

\* The English translation is unofficial and for identification purpose only.

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## LETTER FROM THE BOARD

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5. To ensure that the Group will have sufficient working capital and liquidity for its business operations, the finance department of the Company will monitor the Cash Position of the Group from time to time and the Group will make withdrawals where necessary from the amount deposited with Shougang Finance under the Deposit Services.

Considering these factors, the Directors are of the view that the credit risk associated with placing deposits with Shougang Finance is not materially higher than that of other commercial banks and is acceptable.

### **(ii) Credit Services**

The internal control measures on the determination of interest rates or fee rates for the Credit Services are as follows:

1. Before entering into any credit arrangements with Shougang Finance, the Group will obtain and review the interest rates or fee rates and other terms for the same type of credit services quoted by at least three other domestic or overseas financial institutions.
2. The Group will enter into individual agreement(s) with Shougang Finance as and when necessary to ensure that the interest rate(s) or fee rate(s) of the Credit Services under the 2026 Financial Services Framework Agreement will be no less favourable to the Group than the interest rates or fee rates for the same type of credit services quoted by the other domestic or overseas financial institutions.

The internal control measures on monitoring the maximum daily credit balance (including accrued interest) in relation to the Credit Services are as follows:

1. The finance department of the Company will monitor the credit balances of the Group with Shougang Finance on a daily basis to ensure that the applicable Interim Daily Credit Cap and Daily Credit Caps will not be exceeded. In addition, if the credit balance with Shougang Finance is expected to exceed the applicable Interim Daily Credit Cap and Daily Credit Caps, Shougang Finance shall inform the Company in a timely manner and the Group will arrange for credit services with other financial institutions.
2. The finance department of the Company will report and provide updates to the management of the Company on the credit arrangements with Shougang Finance on a monthly basis.
3. The finance department of the Company has implemented a reporting mechanism whereby the responsible finance officer will report to the chief financial officer of the Company and the Board if the credit balances (including accrued interest) approaches or is projected to exceed the approved limit, thereby enabling timely intervention.

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## LETTER FROM THE BOARD

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4. The independent non-executive Directors and auditor of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Credit Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Credit Services) are in accordance with the terms of the 2026 Financial Services Framework Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole, and in accordance with the pricing policies, the Interim Daily Credit Cap and the Daily Credit Caps.

### **(iii) Other Financial Services**

The internal control measures on the determination of service fees for the Other Financial Services are as follows:

1. Before entering into any separate service agreement with Shougang Finance, the Group will obtain and review the service fees and terms for the same type of financial services quoted by at least three other domestic or overseas financial institutions.
2. The Group will enter into separate service agreement(s) with Shougang Finance as and when necessary to ensure that the service fees of the Other Financial Services will be no less favourable to the Group than the service fees for the same type of financial services quoted by the other domestic or overseas financial institutions.

The internal control measures on monitoring the Service Fees Caps in relation to the Other Financial Services are as follows:

1. The finance department of the Company shall monitor aggregate amount of continuing connected transactions relating to the Other Financial Services from time to time. In the event that the service fees incurred and to be incurred in respect of the Other Financial Services are expected to reach the Service Fees Cap, the finance department of the Company will follow up forthwith by reporting and proposing a response to the management of the Company.
2. The independent non-executive Directors and auditor of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Other Financial Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Other Financial Services) are in accordance with the terms of the 2026 Financial Services Framework Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole, and in accordance with the pricing policies and the Service Fees Caps.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

Given the transaction history of mutual sales and purchases of coking coal products and materials between the Group and Shougang Group and its associates since 2010 and the historical transactions of Deposit Services and Other Financial Services under 2023 Financial Services Framework Agreement as well as Shougang Finance being an indirect wholly-owned subsidiary of the Company's substantial shareholder, a close and mutually beneficial cooperative long-term relationship between the parties has been formed which allows the parties to negotiate on good commercial terms in respect of the transactions contemplated under the 2026 Financial Services Framework Agreement. This close relationship allows for greater transparency, favourable terms and more efficient cash management.

The Group benefits from favourable terms, superior cooperation stability and settlement efficiency offered by Shougang Finance compared to transacting with other independent commercial banks and/or financial institutions under the 2023 Financial Services Framework Agreement. As the transactions in relation to the Deposit Services, Credit Services and Other Financial Services are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, the entering into of the 2026 Financial Services Framework Agreement will enhance the Group's ability to conduct the relevant transactions with Shougang Group. The financial services to be provided by Shougang Finance under the 2026 Financial Services Framework Agreement are diversified and can meet the business needs of the Group. It is also considered that the entering into of the 2026 Financial Services Framework Agreement would facilitate the establishment of a long-term and reliable business association between the Group and Shougang Group.

In respect of the Deposit Services, the deposit interest rate in relation to the Deposit Services will be not lower than the rates the Group would receive from major domestic or overseas commercial banks, which would enable the Group to generate higher interest income therefrom. Under the deposit services provided by Shougang Finance to the Group pursuant to the 2023 Financial Services Framework Agreement, the Company benefited from interest rates that were higher than those offered by independent commercial banks, thereby generating higher interest income for the Group from deposits placed with Shougang Finance. In addition, the management has conducted a detailed assessment of the credit risk associated with the deposit services with Shougang Finance mentioned above and reported to the Board. After reviewing the assessment results, the Board believes that the credit risk associated with the deposit services with Shougang Finance is not significantly higher than that of other commercial banks and is within an acceptable level.

In respect of the Credit Services, the interest rates or fee rates provided by Shougang Finance to the Group will not be higher than the interest rates or fee rates of the same type of credit services quoted by other domestic or overseas financial institutions, which would enable the Group to reduce financing costs. Although the Group did not have significant borrowings in recent years, the Group collected market data on financing cost from domestic and overseas financial institutions including Shougang Finance. From historical data obtained by the Group, interest rates and fee rates offered by Shougang Finance are generally more favourable to the Group from those offered by other financial institutions. Taking into account that the Group had no borrowings as at 30 June 2025, and that the Group has implemented internal control measures to ensure that the interest rates offered by Shougang Finance will not be higher than those offered by other financial institutions, the Credit Services can optimise the Group's capital structure, broaden its funding sources, and are in the interests of the Company and the Shareholders.

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## LETTER FROM THE BOARD

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As for the provision of the Other Financial Services, since the Company has maintained a good working relationship with Shougang Group and its associates over the years and developed a good mutual understanding in terms of business nature and scope of operations, higher work efficiency could be better achieved by carrying on the continuous cooperation between the Group and Shougang Group compared with other independent third-party institutions. Under the 2023 Financial Services Framework Agreement, the Group enjoyed the settlement services of nil fee rate, which will be conducive to save the settlement cost. Furthermore, the service fees in respect of the provision of the Other Financial Services by Shougang Finance to the Group will be determined after arm's length negotiations between the parties and shall, in any event, not exceed the service fees offered by independent third-party service providers for similar services.

The renewal of the 2026 Financial Services Framework Agreement serves to streamline certain financial services between the Group and Shougang Finance by providing a single basis upon which the Company could comply with the relevant requirements under Chapter 14A of the Listing Rules, and thereby reducing the administrative burden and costs of the Company. In addition, the Group is not restricted under the 2026 Financial Services Framework Agreement to procure similar services from other financial services providers. The Group will use the services provided by Shougang Finance on a voluntary and non-compulsory basis and is not obliged to engage Shougang Finance for any particular services.

In view of the above reasons and given that the services under the 2026 Financial Services Framework Agreement is on a non-exclusive basis, the Directors (including the independent non-executive Directors but excluding the Directors who have material interests in the transactions contemplated hereunder) consider that the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and are in the interests of the Shareholders as a whole.

### INFORMATION OF THE PARTIES

#### **The Company**

The Company is incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange. The principal activities of the Group's subsidiaries comprise coking coal mining, production and sales of coking coal products.

#### **Shougang Finance**

Shougang Finance is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of Shougang Group. Shougang Finance is owned as to 80% by Shougang Group and 20% by Beijing Shougang Construction Investment Co., Ltd.\* (北京首鋼建設投資有限公司), a wholly-owned subsidiary of Shougang Group. Shougang Finance is a financial institution in the PRC regulated by the NFRA. The paid-up registered capital of Shougang Finance is RMB12 billion.

\* The English translation is unofficial and for identification purpose only.

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## LETTER FROM THE BOARD

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As the sole licensed financial institution within Shougang Group, Shougang Finance undertakes core functions including fund pooling, settlement and monitoring. As of the end of June 2025, Shougang Finance's total assets reached RMB 56.175 billion, with revenue of RMB 730 million and net profit of RMB 239 million in the first half of the year. Core indicators such as capital adequacy ratio (26.96%) and liquidity ratio (43.51%) exceed regulatory requirements. Shougang Finance has received an A-level tax credit rating for four consecutive years from 2022 to 2025, and ranked 46th among 257 peers in asset size (2020).

Since its establishment, Shougang Finance has been awarded numerous honors, including "Industry Data Statistics Outstanding Unit" by the China Finance Association (2018), "Outstanding Financial Company" at the 14th China CFO Conference (2018), "Best Cash Management Award" at the China CFO Summit (2019), "Excellent Enterprise in Steel Industry-Finance Integration" by the Metallurgical Industry Economic Development Research Center (2020), "Excellent Comprehensive Business Institution" by the Shanghai Stock Exchange (2022), "Organizational Award for Social Responsibility Case Studies" by the China Finance Association (2022–2023), Second and Third Prizes for Beijing Enterprise Management Modernization Innovation Achievements (37th edition), "Smart Enterprise Construction Innovation Case Award" by the China Enterprise Confederation and Beijing Enterprise Confederation (2024), "Outstanding Contribution Unit in Industry Research" by the China Finance Association.

### **Shougang Group**

Shougang Group is a state-owned enterprise established in the PRC and a substantial shareholder of the Company, which is principally engaged in a wide variety of businesses such as steel industry, mining, machinery and equipment development, electronics, building, real estate, and related services, etc.

According to the 2024 credit rating report of Shougang Group issued by China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) ("CCXI"), the first national non-banking financial institution approved by the People's Bank of China to engage in credit rating, financial securities consulting and information services, Shougang Group was assigned a corporate rating of "AAA". Fitch Ratings has affirmed Beijing-based diversified service provider Shougang Group's Long-Term Issuer Default Rating and senior unsecured rating at 'A-'.

### **LISTING RULES IMPLICATIONS**

As at the date of this circular, Shougang Group is a substantial shareholder of the Company. Shougang Finance is an indirect wholly-owned subsidiary of Shougang Group. Accordingly, Shougang Finance is a connected person of the Company and the transactions contemplated under the 2026 Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### (i) Deposit Services

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Interim Daily Deposit Cap exceeds 0.1% but is less than 5%, the provision of the Deposit Services under the Interim Daily Deposit Cap by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement is subject to the reporting, annual review and announcement requirements but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Daily Deposit Caps exceeds 5% but is less than 25%, the provision of the Deposit Services under the Daily Deposit Caps by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the provision of Deposit Services by Shougang Finance to the Group constitutes the provision of financial assistance by the Group to Shougang Finance under Rule 14.04(1)(e) of the Listing Rules. Therefore, the provision of the Deposit Services by Shougang Finance to the Group also constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### (ii) Credit Services

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Interim Daily Credit Cap exceeds 0.1% but is less than 5%, the provision of the Credit Services under the Interim Daily Credit Cap by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement is subject to the reporting, annual review and announcement requirements but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Daily Credit Caps exceeds 5% but is less than 25%, the provision of the Credit Services under the Daily Credit Caps by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### (iii) Other Financial Services

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Service Fees Caps is less than 0.1%, the provision of the Other Financial Services under the Service Fees Caps by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement is fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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As Mr. Chen Yi is currently a director of the Company and certain subsidiaries of Shougang Group, he is considered to be materially interested in the transactions contemplated under the 2026 Financial Services Framework Agreement and has abstained from voting on the Board resolution(s) approving the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement.

Save for Mr. Chen Yi, none of the Directors has any material interest in the 2026 Financial Services Framework Agreement, and therefore no Director is required to abstain from voting on such resolution(s).

### GM

The GM will be convened for the purposes of seeking the Independent Shareholders' approval on the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps).

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder is required to abstain from voting on the relevant resolution at the GM. Shougang Group and its associates which in aggregate indirectly hold 1,526,810,624 Shares (approximately 29.99% interest in the Company) as at the Latest Practicable Date, will abstain from voting on the resolution to be proposed at the GM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the GM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed by the Company to consider whether the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps), are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders in respect of the same. Rainbow Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As Mr. Chen Yi is currently a director of the Company and certain subsidiaries of Shougang Group, he might be considered to be materially interested in the transactions contemplated under the 2026 Financial Services Framework Agreement, and has therefore abstained from voting on the Board resolutions approving the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder. Save for Mr. Chen Yi, none of the Directors has any material interest in the 2026 Financial Services Framework Agreement.

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## LETTER FROM THE BOARD

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A notice convening the GM to be held at 11:00 a.m. on Friday, 30 January 2026 at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong is set out on pages 45 to 46 of this circular. A form of proxy for use by the Shareholders at the GM is enclosed herewith. Whether or not you are able to attend the GM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the GM (i.e., at or before 11:00 a.m. on Wednesday, 28 January 2026 (Hong Kong time)), or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM or any adjourned meeting thereof (as the case may be) should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure that the chairman of the GM shall demand voting on the resolution set out in the notice of GM be taken by way of poll.

### CLOSURE OF REGISTER

The register of members of the Company will be closed from Tuesday, 27 January 2026 to Friday, 30 January 2026 (both days inclusive) to determine the entitlement to attend and vote at the above meeting. During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the GM, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 26 January 2026 for registration.

### RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 26 to 27 of this circular which contains its recommendations to the Independent Shareholders in respect of the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps). Your attention is also drawn to the letter of advice from Rainbow Capital which contains, amongst other matters, its advices to the Independent Board Committee and the Independent Shareholders on the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps). The letter from Rainbow Capital is set out on pages 28 to 40 of this circular.

The Directors (other than the members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps) are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the GM.

Your attention is also drawn to the general information set out in the appendix of this circular.

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## LETTER FROM THE BOARD

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Shareholders and potential investors should note that the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps) is subject to Independent Shareholders' approval and therefore may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Yours faithfully,  
By Order of the Board  
**Shougang Fushan Resources Group Limited**  
**Mr. Chen Yi**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendations, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the terms of the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder.*



**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)**

15 January 2026

*To the Independent Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED  
TRANSACTIONS IN RELATION TO THE  
2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT**

We refer to the circular of the Company to the Shareholders dated 15 January 2026 (the “Circular”), in which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps), are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Rainbow Capital, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps) as set out on pages 28 to 40 of the Circular and the letter from the Board as set out on pages 5 to 25 of the Circular, as well as the additional information set out in the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, among other matters, the factors and reasons considered by, and the opinions of Rainbow Capital as stated in its letter of advice, we consider that the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps), are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the terms of the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Deposit Caps and the Credit Caps) to be proposed at the GM.

Yours faithfully,  
For and on behalf of  
**Independent Board Committee**

**Mr. Chen Jianxiong**  
*Independent*  
*Non-executive Director*

**Mr. Choi Wai Yin**  
*Independent*  
*Non-executive Director*

**Mr. Li Zeping**  
*Independent*  
*Non-executive Director*

**Mr. Shi Yubao**  
*Independent*  
*Non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2026 Financial Services Framework Agreement, which has been prepared for the purpose of inclusion in this circular.*



RAINBOW CAPITAL (HK) LIMITED  
法 博 資 本 有 限 公 司

15 January 2026

*To the Independent Board Committee and the Independent Shareholders*

Shougang Fushan Resources Group Limited  
6th Floor  
Bank of East Asia Harbour View Centre  
56 Gloucester Road  
Wanchai  
Hong Kong

Dear Sir or Madam,

### **POSSIBLE DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO RENEWAL OF THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated 15 January 2026 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The 2023 Financial Services Framework Agreement expired on 31 December 2025, and it was expected that the Group would continue to enter into normal commercial transactions similar to those contemplated under the 2023 Financial Services Framework Agreement with Shougang Finance from time to time thereafter.

Accordingly, on 22 December 2025, the Company entered into the 2026 Financial Services Framework Agreement with Shougang Finance in relation to the provision of certain financial services, namely the Deposit Services, Credit Services and Other Financial Services, by Shougang Finance to the Group for the period from 1 January 2026 to 31 December 2028.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, Shougang Group is a substantial shareholder of the Company. Shougang Finance is an indirect wholly-owned subsidiary of Shougang Group. Accordingly, Shougang Finance is a connected person of the Company and the transactions contemplated under the 2026 Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Daily Deposit Caps exceeds 5% but is less than 25%, the provision of the Deposit Services under the Daily Deposit Caps by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the provision of Deposit Services by Shougang Finance to the Group constitutes the provision of financial assistance by the Group to Shougang Finance under Rule 14.04(1)(e) of the Listing Rules. Therefore, the provision of the Deposit Services by Shougang Finance to the Group also constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Daily Credit Caps exceeds 5% but is less than 25%, the provision of the Credit Services under the Daily Credit Caps by Shougang Finance to the Group under the 2026 Financial Services Framework Agreement is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Deposit Services and the Credit Services contemplated under the 2026 Financial Services Framework Agreement (including the Daily Deposit Caps and the Daily Credit Caps). We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group that could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to the independent board committee and the independent Shareholders of the Company in relation to the 2025 master sale and purchase agreement, details of which are set out in the circular of the Company dated 16 December 2024. Other than that, there was no engagement or connection between the Group and us in the last two years. The aforesaid historical engagement was only independent financial adviser engagement with professional fees being insignificant portion of our revenue for relevant period and will not affect our independence to act as the Independent Financial Adviser. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 and therefore are qualified to give independent advice in respect of the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

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

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

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the 2026 Financial Services Framework Agreement (including the Daily Deposit Caps and the Daily Credit Caps), we have taken into account the principal factors and reasons set out below:

#### 1. Information of the Parties

##### (i) *Information of the Group*

The Company is incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange. The principal activities of the Group's subsidiaries comprise coking coal mining, production and sales of coking coal products.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(ii) Information of Shougang Finance*

Shougang Finance is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of Shougang Group. Shougang Finance is owned as to 80% by Shougang Group and 20% by Beijing Shougang Construction Investment Co., Ltd.\* (北京首鋼建設投資有限公司), an indirect wholly-owned subsidiary of Shougang Group. Shougang Finance is a financial institution in the PRC regulated by the NFRA. The paid-up registered capital of Shougang Finance is RMB12 billion.

As the sole licensed financial institution within Shougang Group, Shougang Finance undertakes core functions including fund pooling, settlement and monitoring. As of the end of June 2025, Shougang Finance's total assets reached RMB56.175 billion, with revenue of RMB730 million and net profit of RMB239 million in the first half of the year. Core indicators such as capital adequacy ratio (26.96%) and liquidity ratio (43.51%) exceed regulatory requirements. Shougang Finance has received an A-level tax credit rating for four consecutive years from 2022 to 2025, and ranked 46th among 257 peers in asset size (2020).

We are advised by the management of the Group that the regulation imposed on finance companies of enterprise groups in the PRC such as Shougang Finance are no less stringent than the regulations imposed on commercial banks. In addition, NFRA monitors Shougang Finance's compliance with relevant regulators and conducts on-site visits from time to time, and may issue opinions on corrective measures to Shougang Finance. Based on our discussion with the management of the Group, NFRA has not issued any opinions on corrective measures or taken any disciplinary actions, or imposed penalties or fines on Shougang Finance since its incorporation. We have also reviewed the information relating to Shougang Finance provided by the Group, including but not limited to, its financial information for the three years ended 31 December 2024 and the nine months ended 30 September 2025 and noted that it had met its major regulatory ratios requirements such as liquidity ratio, loan ratio and capital adequacy ratio, and no material irregularities were noted.

## **2. Reasons for and benefits of entering into the 2026 Financial Services Framework Agreement**

Given the transaction history of mutual sales and purchases of coking coal products and materials between the Group and Shougang Group and its associates since 2010 and the historical transactions of Deposit Services and Other Financial Services under 2023 Financial Services Framework Agreement as well as Shougang Finance being an indirect wholly-owned subsidiary of the Company's substantial shareholder, a close and mutually beneficial cooperative long-term relationship between the parties has been formed which allows the parties to negotiate on good commercial terms in respect of the transactions contemplated under the 2026 Financial Services Framework Agreement. This close relationship allows for greater transparency, favourable terms and more efficient cash management.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group benefits from favourable terms, superior cooperation stability and settlement efficiency offered by Shougang Finance compared to transacting with other independent commercial banks and/or financial institutions under the 2023 Financial Services Framework Agreement. As the transactions in relation to the Deposit Services, Credit Services and Other Financial Services are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group, the entering into of the 2026 Financial Services Framework Agreement will enhance the Group's ability to conduct the relevant transactions with Shougang Group. The financial services to be provided by Shougang Finance under the 2026 Financial Services Framework Agreement are diversified and can meet the business needs of the Group. It is also considered that the entering into of the 2026 Financial Services Framework Agreement would facilitate the establishment of a long-term and reliable business association between the Group and Shougang Group.

In respect of the Deposit Services, the deposit interest rate in relation to the Deposit Services will be not lower than the rates the Group would receive from major domestic or overseas commercial banks, which would enable the Group to generate higher interest income therefrom. Under the deposit services provided by Shougang Finance to the Group pursuant to the 2023 Financial Services Framework Agreement, the Company benefited from interest rates that were higher than those offered by independent commercial banks, thereby generating higher interest income for the Group from deposits placed with Shougang Finance. In addition, the management has conducted a detailed assessment of the credit risk associated with the deposit services with Shougang Finance mentioned above and reported to the Board. After reviewing the assessment results, the Board believes that the credit risk associated with the deposit services with Shougang Finance is not significantly higher than that of other commercial banks and is within an acceptable level.

As disclosed in the Company's interim report for the six months ended 30 June 2025, the Group had (a) cash and cash equivalents equivalent to approximately RMB6,490 million; (b) time deposits with original maturity over three months equivalent to approximately RMB2,421 million; and (c) pledged and restricted bank deposit equivalent to approximately RMB620 million. Taking into account that the Group from time to time places time deposits with banks or financial institutions as well as with Shougang Finance to earn higher interest income, we consider the Deposit Services to be conducted in the ordinary and usual course of business of the Group. As discussed in the section headed "3. Principal terms of the 2026 Financial Services Framework Agreement", the deposit interest rates offered by Shougang Finance were not lower than that offered by independent commercial banks and not lower than the interest rate of the same type of deposits issued by the PBOC. We therefore concur with the Directors that the Deposit Services are beneficial to the Company.

In respect of the Credit Services, the interest rates or fee rates provided by Shougang Finance to the Group will not be higher than the interest rates or fee rates of the same type of credit services quoted by other domestic or overseas financial institutions, which would enable the Group to reduce financing costs. Taking into account that the Group had no borrowings as at 30 June 2025, and that the Group has implemented internal control measures to ensure that the interest rates offered by Shougang Finance will not be higher than those offered by other financial institutions, we consider that the Credit Services can optimise the Group's capital structure, broaden its funding sources, and are in the interests of the Company and the Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The renewal of the 2026 Financial Services Framework Agreement serves to streamline certain financial services between the Group and Shougang Finance by providing a single basis upon which the Company could comply with the relevant requirements under Chapter 14A of the Listing Rules, and thereby reducing the administrative burden and costs of the Company. In addition, the Group is not restricted under the 2026 Financial Services Framework Agreement to procure similar services from other financial services providers. The Group will use the services provided by Shougang Finance on a voluntary and non-compulsory basis and is not obliged to engage Shougang Finance for any particular services.

Based on the above, we concur with the Directors that the entering into of the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the 2026 Financial Services Framework Agreement

Details of the terms of the 2026 Financial Services Framework Agreement are set out in the Letter from the Board. Set out below are the principal terms of the 2026 Financial Services Framework Agreement:

Date	:	22 December 2025
Parties	:	(a) The Company; and (b) Shougang Finance.
Term	:	The term of the 2026 Financial Services Framework Agreement commences on 1 January 2026 and ends on 31 December 2028 (both days inclusive).
Scope of services	:	Shougang Finance shall provide certain financial services to the Group: (a) Deposit Services

Shougang Finance shall provide various types of deposit services to the Group, including but not limited to current deposits, time deposits, call deposits and agreement deposits. The daily balance of all the deposits placed by the Group with Shougang Finance shall not be higher than the applicable Interim Daily Deposit Cap and the Daily Deposit Caps. The Group is free to withdraw its deposit placed with Shougang Finance. Current deposit and call deposit placed with Shougang Finance is not subject to any restrictions and/or penalties upon withdrawal. Time deposits and agreement deposits will be subject to time and other restrictions as agreed at the time when the deposits are placed with Shougang Finance and early withdrawal will not be subject to penalties except that the Group may earn interests at saving deposit rate instead of agreed deposit interest on the deposits if there is early withdrawal, which are common commercial terms on deposits placed with other third party financial institutions in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(b) Credit Services

Shougang Finance shall provide credit services to the Group, including but not limited to loans, acceptance of bills, bill discounting, bill pledging, guarantees and other forms of financing businesses. The combined amount of the facilities provided shall not be higher than the applicable Interim Daily Credit Cap and Daily Credit Caps.

The Group and Shougang Finance will enter into separate agreement(s) setting out the specific scope of services, deposit rates, interest rates, fees, manner and method of payment, and the terms and conditions thereunder for each service, which shall be determined after arm's length negotiations between the parties in accordance with normal commercial terms and the 2026 Financial Services Framework Agreement.

Pricing Basis : (a) Deposit Services

The deposit interest rate provided by Shougang Finance to the Group shall not be lower than any of the following: (i) the interest rate of the same type of deposits placed by the Group with the major domestic or overseas commercial banks under the same terms and conditions, (ii) the interest rate of the same type of deposits issued by the PBOC if applicable, (iii) the interest rate of the same type of deposits offered by Shougang Finance to subsidiaries of the Shougang Group; and shall be determined after arm's length negotiations between the parties in accordance with normal commercial terms.

(b) Credit Services

The interest rates or fee rates provided by Shougang Finance to the Group shall be determined with reference to the borrowing interest rates for the same type of loans and period quoted by at least three other major domestic or overseas commercial banks and make reference to the interest rate of the same type of loan and period issued by the PBOC if applicable, and shall not be higher than the interest rates or fee rates of the same type of credit services obtained by the Group from other domestic or overseas financial institutions under the same terms and conditions; and shall be determined after arm's length negotiations between the parties in accordance with normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stipulated in the above, regarding the Deposit Services, the deposit interest rate provided by Shougang Finance to the Group shall not be lower than any of the following: (i) the interest rate of the same type of deposits placed by the Group with the major domestic or overseas commercial banks under the same terms and conditions; (ii) the interest rate of the same type of deposits issued by the PBOC if applicable; and (iii) the interest rate of the same type of deposits offered by Shougang Finance to subsidiaries of the Shougang Group.

We have reviewed the interest rates of all deposits placed by the Group with Shougang Finance in 2024 on principal amounts totaling RMB409 million and compared them against five quotations obtained by the Group from independent major commercial banks. As the sample deposits placed with Shougang Finance remained effective at the time of entering into the 2026 Financial Services Framework Agreement (i.e. 22 December 2025) and accounted for approximately 78.8% of the historical maximum daily deposit balance (including accrued interest) during the period from 1 January 2025 to 22 December 2025, we consider these sample deposits to be representative. Further, we have reviewed the latest annual RMB benchmark deposit rates prescribed by the PBOC.

We noted that the deposit interest rates offered by Shougang Finance were not lower than that offered by independent commercial banks and not lower than the interest rate of the same type of deposits issued by the PBOC. As such, we consider the pricing policy of the Deposit Services has been adherence in accordance with the Group's internal control procedures.

Given that (i) the deposit interest rates offered by Shougang Finance were not lower than those offered by independent commercial banks and the RMB benchmark deposit rate prescribed by the PBOC; (ii) although the Group did not obtain any Credit Services from Shougang Finance during 2023 to 2025, prior to entering into the individual transaction of the Credit Services under the 2026 Financial Services Framework Agreement, independent third-party quotations will be obtained by the Group for comparison, in the same manner as for the Deposit Services; and (iii) the Group has adopted internal control measures to regulate the respective individual transactions under the 2026 Financial Services Framework Agreement, we consider that the terms of the 2026 Financial Services Framework Agreement are on normal commercial terms which are fair and reasonable.

### 4. Internal control measures of the Group

In order to protect the interests of the Shareholders, the Group has adopted certain internal control measures to regulate the respective individual transactions to be conducted under the 2026 Financial Services Framework Agreement. For details of the Group's internal control measures, please refer to the Letter from the Board.

In assessing whether the Group's internal control measures are put in place and effectively implemented, as stated in the "3. Principal terms of the 2026 Financial Services Framework Agreement", we have reviewed (i) the interest rates of all deposits placed by the Group with Shougang Finance in 2024; (ii) five quotations obtained by the Group from independent major commercial banks; and (iii) the latest annual RMB benchmark deposit rates prescribed by the PBOC. Given that the deposit interest rates offered by Shougang Finance were not lower than those offered by independent commercial banks and the RMB benchmark deposit rate prescribed by the PBOC, we consider the transactions contemplated thereunder were properly monitored.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In addition, we randomly reviewed three internal reports prepared by the Company between 2023 and 2025 and noted that the balances for the Deposit Services and the Credit Services under the 2023 Financial Services Framework Agreement were closely monitored to ensure that the annual caps were not exceeded. Accordingly, we are of the view that the internal control measures for monitoring the transactions contemplated under the 2023 Financial Services Framework Agreement have been effectively implemented. We concur with the Directors that appropriate and adequate procedures are in place to ensure that the transactions contemplated under the 2026 Financial Services Framework Agreement will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 5. Assessment of the proposed annual caps

#### (i) *Review of the historical balances*

Set out below are the historical annual caps and actual transaction amounts regarding the Deposit Services under the 2023 Financial Services Framework Agreement:

	For the period from <b>8 December 2023 to 31 December 2023</b> <i>RMB'000</i>	For the year ended <b>31 December 2024</b> <i>RMB'000</i>	For the period from 1 January 2025 to <b>22 December 2025</b> <i>RMB'000</i>
Existing daily deposit caps	560,000	560,000	560,000
Historical maximum daily balance of deposits (including accrued interest)	400,095	459,781	519,266
Utilisation rate	71%	82%	93%

As shown in the table above, the maximum daily deposit balance increased steadily over the term of the 2023 Financial Services Framework Agreement, with the utilisation rate reaching 93% during the period from 1 January 2025 to 22 December 2025.

As regards the Credit Services, the Group did not obtain any such services from Shougang Finance during the term of the 2023 Financial Services Framework Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *(ii) Assessment of the proposed annual caps*

#### *Daily Deposit Caps*

The Daily Deposit Cap is RMB2.5 billion for each of the years ending 31 December 2026, 2027 and 2028.

As advised by the management of the Group, in determining the proposed Daily Deposit Caps, they have taken into account (a) the historical maximum daily balance of deposits (including accrued interest) of the Group placed with Shougang Finance under the 2023 Financial Services Framework Agreement; (b) the Group's current assets as at 30 June 2025; (c) the Group's Cash Position as at 30 June 2025; (d) the internal treasury policy of the Group governing the upper limit of Cash Position of each financial institution; (e) the estimated annual cash flows of the Group and the expected growth of the business operation of the Group; and (f) the expected demand of the Group for deposit services provided by Shougang Finance.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed Daily Deposit Caps. Regarding the Group's current assets and Cash Position as at 30 June 2025, as disclosed in the Company's interim report for the six months ended 30 June 2025, the Group had (a) cash and cash equivalents equivalent to approximately RMB6,490 million; (b) time deposits with original maturity over three months equivalent to approximately RMB2,421 million; and (c) pledged and restricted bank deposit equivalent to approximately RMB620 million. The Daily Deposit Cap represents approximately 26.2% of the Group's total Cash Position of approximately RMB9,531 million (sum of (a) to (c)) as at 30 June 2025, and approximately 32.9% of the Group's time deposits at banks and financial institutions of approximately RMB7.6 billion as at 30 June 2025 (including time deposits with original maturity of no more than three months). With the Group's continued operating cash inflows, the proportion of the Daily Deposit Cap to the Group's total Cash Position is expected to remain around 25% for the three years ending 31 December 2028. The Group has established a treasury policy which stipulates that the amount of deposits placed with Shougang Finance shall not exceed 25% of the Group's total Cash Position. We have obtained and reviewed this treasury policy and consider that the proposed Daily Deposit Caps are consistent with the Group's existing treasury policy.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the sub-section headed “(i) Review of the historical balances” above, the utilisation rate of the annual cap of the Deposit Services under the 2023 Financial Services Framework Agreement increased from 71% for the period from 8 December 2023 to 31 December 2023 to 93% for the period from 1 January 2025 to 22 December 2025. As advised by the management of the Group, since the deposit interest rate offered by Shougang Finance to the Group is more favorable than those offered by independent commercial banks, the Group plans to deposit more funds in Shougang Finance to earn higher interest income. We consider that the historical high utilisation rate reflects the Group’s treasury strategy of allocating a portion of surplus funds to higher-yielding time deposits offered by Shougang Finance. As the Group’s Cash Position continue to grow in line with its stable and business expansion, and given that the Group’s Cash Position remained up to RMB9,531 million, the Group is expected to have a genuine and recurring need for the Deposit Services and a commercial incentive to place additional deposits with Shougang Finance if its deposit rates are still higher than other financial institutions.

As discussed in the section headed “3. Principal terms of the 2026 Financial Services Framework Agreement”, we have (a) reviewed the interest rates of all deposits placed by the Group with Shougang Finance in 2024 on principal amounts totaling RMB409 million and compared them against five quotations obtained by the Group from independent major commercial banks; and (b) reviewed the latest annual RMB benchmark deposit rates prescribed by the PBOC. We noted that the deposit interest rates offered by Shougang Finance were not lower than that offered by independent commercial banks and not lower than the interest rate of the same type of deposits issued by the PBOC.

We have further reviewed the Company’s annual report for the year ended 31 December 2024, and noted that the Group’s net cash inflow from operating activities amounted to approximately RMB2.24 billion for the year ended 31 December 2024. Given that the utilisation rate of the existing annual cap has exceeded 90%, the deposit interest rates offered by Shougang Finance are more favourable than those offered by other independent third parties, and the Group continues to record steady cash inflows and reference to the existing considerable Cash Position, we consider the proposed increase in the Daily Deposit Caps, as compared with the existing annual caps under the 2023 Financial Services Framework Agreement, to be necessary and reasonable.

Taking into account (a) the continued cash flow generated from the Group’s operating activities; (b) the Group’s existing Cash Position; (c) the annual caps of the Deposit Services under the 2023 Financial Services Framework Agreement had been utilised over 90% in 2025; (d) the deposit interest rate offered by Shougang Finance is higher than those offered by other commercial banks and hence the Group could generate more interest income; and (e) the risk relating to conducting the Deposit Services with Shougang Finance would be controlled by the internal control measures stipulated under the section headed “4. Internal control measures of the Group” above, we consider that the proposed Daily Deposit Caps are fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Daily Credit Caps*

The Daily Credit Cap is RMB2.5 billion for each of the years ending 31 December 2026, 2027 and 2028.

As advised by the management of the Group, in determining the proposed Daily Credit Caps, they have taken into account (a) the expected macroeconomic environment of the relevant business, business development plan and capital requirements of the Group; (b) the current scale of assets and business of the Group; (c) the needs to broaden financing channels and enhance the flexibility of funding sources for future business development; and (d) the enlarged registered capital of Shougang Finance and its comprehensive strength especially in terms of scope and scale of financial services offerings.

In assessing the above factors and their potential impacts on the proposed Daily Credit Caps, we have obtained and reviewed the feasibility study report for the Group's proposed coal mine project which is to be developed in collaboration with other parties. The feasibility study sets out the preliminary construction timetable, capital expenditure estimates and the expected funding structure, and indicates that the project would require substantial external financing during the construction periods. The construction plan, including the proposed investment and financing amounts, was preliminary planning and still subject to certain approvals from the PRC authorities. If the project is eventually proceed, the Group may plan to begin construction of the coal mine project and need to secure financing in the near future. The proposed Interim Daily Credit Caps and Daily Credit Caps represent only a portion of the total borrowing needs under the coal mine project and are intended to provide flexibility for the Group to draw down credit facilities during the construction period.

In addition, the Company has expressed that it always explores the potential mine acquisition project to expand its operation and capability. We have reviewed the Company's current pipeline of potential acquisition projects and noted that these acquisition projects, if materialised, would require external financing. However, due to various factors, particularly the high price of coal resulting in elevated bids from potential sellers, the Company has not acquired any mining projects over the past three years. In this regard, we have reviewed the trend of coal prices in China over the past five years. We noted that following the sharp surge in coal prices during 2021 and 2022, driven by the Russia–Ukraine conflict, prices declined in 2024 and 2025 and have remained relatively stable. With the easing of coal prices, we consider that the feasibility of pursuing acquisitions has improved and the likelihood of the Company executing one or more of the projects under consideration has increased.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the loan interest rate offered by Shougang Finance will not exceed the quotations to be obtained by the Company from independent commercial banks, the Company intends to utilise the Credit Services to raise part of the funding for the expansion or acquisition, in order to reduce financial expenses and make full use of the resources from Shougang Group.

Considering that (i) the Group had no outstanding borrowings as at 30 June 2025; (ii) the proposed Daily Credit Cap represents only 11.6% of total assets; and (iii) we have reviewed the detailed potential project construction plan and potential acquisition projects prepared by the Company, which indicate a genuine funding need for future development, we are of the view that the proposed Daily Credit Caps are fair reasonable.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the 2026 Financial Services Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the 2026 Financial Services Framework Agreement (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the general meeting to approve the 2026 Financial Services Framework Agreement (including the proposed annual caps) and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Larry Choi**  
*Managing Director*

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

**1. RESPONSIBILITY STATEMENT**

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

**2. DISCLOSURE OF INTERESTS****(a) Directors' interests**

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, to be notified to the Company and the Stock Exchange, were as follows:

***Long positions in the Shares***

<b>Name of Director</b>	<b>Capacity in which interests were held</b>	<b>Number of Shares</b>	<b>Total interests as to % of the total number of Shares in issue as at the Latest Practicable Date</b>
Chen Zhaoqiang	Beneficial owner	2,001,000	0.04%
Choi Wai Yin	Beneficial owner	807,421	0.02%
Wang Dongming	Beneficial owner	104,000	0.002%

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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor any of their spouse or minor children was 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) Substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons had interests of 5% or more 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:

*Long positions in the Shares/underlying Shares*

Name of Shareholder	Capacity in which interests were held	Number of Shares	Total interests as to % of the total number of Shares in issue as at the Latest Practicable Date
Funde Sino Life Insurance Co., Ltd.	Interest of controlled corporation	1,477,925,466	29.03%
Shougang Group.	Interest of controlled corporation	1,526,810,624	29.99%

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.

As at the Latest Practicable Date, none of the Directors or proposed Director is a director or employee of a company which had an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

### **4. DIRECTORS' MATERIAL INTERESTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

### **5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors had any interests in a business (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

### **6. DIRECTORS' INTERESTS IN ASSETS**

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

### **7. MATERIAL ADVERSE CHANGE**

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

**8. EXPERT'S QUALIFICATION AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
Rainbow Capital (HK) Limited	a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the date of this circular, the above-mentioned expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

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

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2024, being the date to which the latest audited financial statements of the Group was made up.

**9. GENERAL**

- (a) The company secretary of the Company is Ms. Kong Ling Yan, who is admitted as a solicitor in Hong Kong and 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).
- (b) The share registrar of the Company is Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The registered office and principal place of business in Hong Kong of the Company is 6th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

**10. DOCUMENT ON DISPLAY**

A copy of the 2026 Financial Services Framework Agreement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.shougang-resources.com.hk](http://www.shougang-resources.com.hk)) from the date of this circular up to and including the date of the GM for a period of not less than 14 days.

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## NOTICE OF GM

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# 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)

**NOTICE IS HEREBY GIVEN** that a general meeting of Shougang Fushan Resources Group Limited (the “**Company**”) will be held at 11:00 a.m. on Friday, 30 January 2026 at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company. Unless otherwise specified, capitalised terms herein shall have the same meanings as those terms defined in the circular dated 15 January 2026 issued by the Company of which this notice forms part.

### ORDINARY RESOLUTION

“**THAT**:

- (a) the execution of the 2026 Financial Services Framework Agreement (a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification) by any one of the Directors of the Company, and the Deposit Services and the Credit Services contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the Daily Deposit Caps and the Daily Credit Caps under the 2026 Financial Services Framework Agreement and the implementation thereof be and are hereby approved, confirmed and ratified; and
- (c) any one Director of the Company, or any two Directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be necessary, appropriate, desirable or expedient to implement or give effect to, or are incidental to, ancillary to or in connection with the 2026 Financial Services Framework Agreement and the Deposit Services and the Credit Services contemplated thereunder.”

By Order of the Board  
**Shougang Fushan Resources Group Limited**  
**Chen Yi**  
*Chairman*

Hong Kong, 15 January 2026

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## NOTICE OF GM

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*As at the date of this notice, the Board comprises Mr. Chen Yi (Chairman), Mr. Fan Wenli (Managing Director), Mr. Chen Zhaoqiang (Deputy Managing Director), Mr. Wang Dongming (Deputy Managing Director), Ms. Chang Cun (Non-executive Director), Mr. Xu Qian (Non-executive Director), Mr. Chen Jianxiong (Independent Non-executive Director), Mr. Choi Wai Yin (Independent Non-executive Director), Mr. Li Zeping (Independent Non-executive Director) and Mr. Shi Yubao (Independent Non-executive Director).*

*Notes:*

- (1) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- (3) In order to be valid, the form of proxy in the prescribed form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrar of the Company, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the meeting (i.e., at or before 11:00 a.m. on Wednesday, 28 January 2026 (Hong Kong time)), or any adjourned meeting thereof (as the case may be).
- (4) The register of members of the Company will be closed from Tuesday, 27 January 2026 to Friday, 30 January 2026 (both days inclusive) to determine the entitlement to attend and vote at the above meeting. During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 26 January 2026 for registration.
- (5) Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (6) Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereto.
- (7) No refreshments or drinks, and corporate gifts or gift coupons will be provided at the meeting.
- (8) The Company will keep the shareholders of the Company informed by way of further announcement if there are any material updates on the regulation which would affect this meeting of the Company. If any Shareholder has any question relating to this general meeting, please contact the share registrar of the Company as follows:

Tricor Investor Services Limited  
17/F., Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong  
Email: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)  
Tel: (852) 2980 1333  
Fax: (852) 2810 8185