
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

If you have sold or transferred all your shares in Shougang Concord Grand (Group) Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

Dealings in the Shares and the Rights Shares may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “15. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (WUMP) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of these documents.

Subject to the granting of listing of, and permission to deal in, the Rights Shares on the Stock Exchange, the Rights Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or, under contingent situation, such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.



首長四方（集團）有限公司*
SHOUGANG CONCORD GRAND (GROUP) LIMITED

(於百慕達註冊成立之有限公司)

(股份代號：730)

**RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR
EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE**

Underwriter



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

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Tuesday, 23 October 2018. The procedures for acceptance and payment for the Rights Shares are set out in the paragraph headed “Procedures for acceptance and payment or transfer” on pages 20 to 23 of this Prospectus.

If any of the Underwriters terminate the Underwriting Agreement in accordance with the provisions as set out in the section headed “Termination of the Underwriting Agreement” in this Prospectus, or the conditions of the Rights Issue as set out in the section headed “Conditions Precedent” in this Prospectus are not fulfilled or waived (as appropriate), the Rights Issue will not proceed. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares have been dealt in on an ex-rights basis commencing from Thursday, 27 September 2018 and that dealings in Shares have taken place while the conditions to which the Underwriting Agreement is subject remain unfulfilled or waived (as appropriate). Any Shareholders or other persons dealing in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled or waived (as appropriate) (which is expected to be 4:00 p.m. on Wednesday, 24 October 2018), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

* For identification purpose only

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DEFINITIONS

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

“Announcements”	the announcements of the Company dated 13 June 2018 and 20 September 2018 in relation to, among others, the Rights Issue;
“associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Capital Increase Agreement”	the agreement dated 13 June 2018 between Gold Cosmos, Shougang Fund and the Third Target Company in relation to the Capital Increase;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time;
“Company”	Shougang Concord Grand (Group) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 730);
“connected person”	has the meaning as ascribed thereto under the Listing Rules;
“controlling shareholder”	has the meaning as ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EAF”	the excess application form(s) issued to the Qualifying Shareholders in respect of applications for excess Rights Shares;
“First Purchaser”	On Hing Investment Company, Limited (安興企業有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“First Sale Shares”	41.41% of the equity interest in the First Target Company;
“First Seller”	北京服務新首鋼股權創業投資企業（有限合夥）(Beijing Services New Shougang Venture Capital Investment LLP*); a limited liability partnership established in the PRC;
“First Share Sale Agreement”	the agreement dated 13 June 2018 between the First Purchaser, the First Seller and the First Target Company in respect of the First Transaction;
“First Target Company”	京西商業保理有限公司(Beijing West Business Factoring Company Limited*), a limited liability company established in the PRC;
“First Transaction”	the acquisition by the First Purchaser of the First Sale Shares;

DEFINITIONS

“Gold Cosmos”	Gold Cosmos Development Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholders”	any Shareholder other than Shougang Group and its associates;
“Last Trading Day”	19 September 2018, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Company’s announcement dated 20 September 2018 in relation to, among others, change in Subscription Price of the Rights Issue;
“Latest Practicable Date”	2 October 2018, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information for inclusion in this Prospectus;
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 23 October 2018 or such other date and/or time as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus;
“Latest Time for Termination”	4:00 p.m. on Wednesday, 24 October 2018, or such other date and/or time as may be agreed between the Underwriters and the Company, being the latest time to terminate the Underwriting Agreement;
“Latest Time for Transfer”	4:30 p.m. on Friday, 28 September 2018 or such other date and/or time as may be agreed between the Underwriter and the Company, being the latest time for lodging transfer form with the Registrar for entitlement to the Rights Issue;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 December 2018, or such date as agreed between the Underwriter and the Company;

DEFINITIONS

“Non-Qualifying Shareholder”	those Overseas Shareholders whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient to exclude such Shareholders from the Rights Issue on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction;
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong;
“PAL”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue;
“PRC”	the People’s Republic of China, which for the purpose of this prospectus, will exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China;
“Prospectus Posting Date”	Monday, 8 October 2018, or such other date as may be agreed between the Underwriters and the Company for the despatch of the Prospectus Documents;
“Prospectus”	this document containing details of the Rights Issue;
“Qualifying Shareholder(s)”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders;
“Record Date”	Friday, 5 October 2018, or such other date as may be agreed between the Underwriter and the Company for the determination of the entitlements under the Rights Issue;
“Registrar”	Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the share registrar of the Company;
“Rights Issue”	the issue of the Rights Shares by way of rights issue to the Qualifying Shareholders on the basis of one Rights Share, for every two existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents;
“Rights Shares”	1,336,096,234 new Shares to be allotted and issued pursuant to the Rights Issue;

DEFINITIONS

“Second Purchaser”	Grand Cheers Property Limited (浩智置業有限公司), a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company;
“Second Sale Shares”	85.7143% of the equity interest in the Second Target Company;
“Second Seller”	京冀協同發展示範區（唐山）基金管理有限公司(Jingji Cooperative Development Demonstration Zone (Tangshan) Fund Management Co., Ltd.*), a limited liability company established in the PRC;
“Second Share Sale Agreement”	the agreement dated 13 June 2018 between the Second Purchaser, the Second Seller and the Second Target Company in respect of the Second Transaction;
“Second Target Company”	首華京西協同創新（北京）科技發展有限公司(Shouhua Jingxi Cooperative Innovation (Beijing) Technology Development Co., Ltd.*), a limited liability company established in the PRC;
“Second Transaction”	the acquisition by the Second Purchaser of the Second Sale Shares;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company convened on 19 September 2018 for the purpose of considering and, if thought fit, approving the Transactions;
“Share Options”	the option to subscribe for Shares granted under the share option scheme of the Company adopted on 7 June 2002;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	the holder(s) of Shares;
“Shougang Fund”	北京首鋼基金有限公司(Beijing Shougang Fund Co., Ltd.*), a limited liability company established in the PRC;
“Shougang Group”	Shougang Group Co., Ltd., a solely stated-owned company established in the PRC, the holding company of Shougang Holding;
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong, the controlling shareholder of the Company;

DEFINITIONS

“Shougang International”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (Stock code: 697), a subsidiary of Shougang Holding;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	HK\$0.138 per Rights Share;
“Third Target Company”	北京京西供應鏈管理有限公司(Beijing Jingxi Supply Chain Management Co., Ltd.*), a company established between Shougang Fund and Gold Cosmos in the PRC;
“Third Transaction”	the contribution by Gold Cosmos of additional capital in the amount of RMB200,000,000 to the capital of the Third Target Company;
“Transactions”	the First Transaction, the Second Transaction and the Third Transaction;
“Underwriter”	VMS Securities Limited, a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO;
“Underwriting Agreement”	the underwriting agreement dated 13 June 2018 entered into between the Company and the Underwriter in relation to the underwriting arrangement as amended by the supplemental agreement dated 20 September 2018 in respect of the Rights Issue;
“Underwritten Shares”	being 660,850,577 Rights Shares;
“Untaken Shares”	the Underwritten Shares for which have not been taken up by the Qualifying Shareholders under the PAL and EAF on or before 4:00 p.m. on the Latest time for Acceptance; and
“%”	per cent.

* For identification purpose only

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set below:

Event	Time
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 26 September 2018
Commencement of dealings in the Shares on an ex-rights basis	Thursday, 27 September 2018
Latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 28 September 2018
Closure of the register of members of the Company for determining entitlements under the Rights Issue (both days inclusive)	Tuesday, 2 October 2018 to Friday, 5 October 2018
Record Date for determining entitlements under the Rights Issue	Friday, 5 October 2018
Register of members of the Company re-opens	Monday, 8 October 2018
Despatch of the Prospectus Documents	Monday, 8 October 2018
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Wednesday, 10 October 2018
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 12 October 2018
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Thursday, 18 October 2018
Latest time for acceptance of, and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Tuesday, 23 October 2018
Latest time for the termination of the Underwriting Agreement and the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 24 October 2018
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company on or around	Tuesday, 30 October 2018

EXPECTED TIMETABLE

Despatch of certificates for fully-paid Rights

Shares and refund cheques on or around Wednesday, 31 October 2018

Expected first day of dealings in fully-paid

Rights Shares on the Stock Exchange 9:00 a.m. on Thursday, 1 November 2018

Effect of bad weather on the Latest Time of Acceptance

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

- (i) a tropical cyclone warning signal number 8 or above; or
- (ii) a “black” rainstorm warning is in force in Hong Kong at any local time:
 - (A) before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (B) between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. In such event, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination, if:

- (i) the occurrence of the following events would, in the reasonable opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict); or
 - (c) the occurrence of any change in market conditions or combination of circumstances in Hong Kong (including without limitation, any change in any stock market, any change in fiscal policy or money policy, or foreign exchange or currency markets, suspension or material restrict or trading in securities) which in the absolute opinion of the Underwriter materially prejudicially affects the Rights Issue and make it inadvisable or inexpedient to proceed therein;
- (ii) any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the prospects of the Group as a whole;
- (iii) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;
- (iv) notification by the Company or the Underwriter becoming aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriter shall in its reasonable opinion determine that any such untrue representation or warranty represents or is likely to represent a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue; or
- (v) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the attention of the Underwriter, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

TERMINATION OF THE UNDERWRITING AGREEMENT

For the purposes of termination event (i) above, but without limiting the generality of the foregoing:

- (i) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States of America shall be an event resulting or likely to result in a change in a currency nature; and
- (ii) volatility in market conditions in Hong Kong or elsewhere on or before or after the date of the Underwriting Agreement shall be a factor in determining whether there has been or there is likely to be an occurrence or change in market conditions.

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Underwriting Agreement.

LETTER FROM THE BOARD



首長四方（集團）有限公司*
SHOUGANG CONCORD GRAND (GROUP) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

Executive Directors:

Xu Liang (*Chairman*)

Liu Dongsheng (*Managing Director*)

Non-executive Director:

Huang Donglin

Independent Non-executive Directors:

Tam King Ching, Kenny

Yip Kin Man, Raymond

Fei Jianjiang

Wan Siu Wah, Wilson

Registered Office:

Canon's Court

22 Victoria Street

Hamilton, HM 12

Bermuda

Principal Office in Hong Kong:

Rooms 1101-04, 11th Floor

Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

8 October 2018

To the Qualifying Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR
EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcements. On 19 September 2018, the Transactions were approved by the Independent Shareholders. The Company now proceeds with the Rights Issue, the proceeds of which will fund part of the consideration for the Transactions.

The purpose of this Prospectus is to provide the Shareholders, among other things, (i) further details about the Rights Issue including the procedures for acceptance and payment of the Rights Shares; (ii) the financial information of the Group; and (iii) the general information of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue: One Rights Share for every two existing Shares held on the Record Date

Subscription Price: HK\$0.138 per Rights Share

Number of Shares in issue
as at the date of the
Announcement: 2,672,192,469 Shares

Number of Rights Shares
to be issued under the
Rights Issue: 1,336,096,234 Rights Shares

Number of Rights Shares
underwritten by the
Underwriter: 660,850,577 Rights Shares, representing all the Rights Shares less the
number of Rights Shares undertaken to be taken up by Shougang
Holding.

The Rights Issue is fully underwritten

Enlarged issued share capital
of the Company immediately
upon completion of the
Rights Issue: 4,008,288,703 Shares

Amount to be raised: approximately HK\$184.4 million before expenses

As at the Latest Practicable Date, the Company has 3,520,000 outstanding Share Options under the share option scheme of the Company adopted on 7 June 2002. Save as disclosed above, there are no other derivatives, outstanding convertible securities, options or warrants of the Company in issue which confer any right to subscribe for, convert or exchange into the Shares as at the Latest Practicable Date.

Upon completion of the Rights Issue, the 1,336,096,234 Rights Shares that will be allotted and issued pursuant to the Rights Issue represent (1) approximately 50.00% of the Company's total number of Shares in issue as at the Latest Practicable Date; and (2) approximately 33.33% of the Company's total number of Shares in issue as enlarged by the allotment and issue of the 1,336,096,234 Rights Shares immediately after completion of the Rights Issue.

LETTER FROM THE BOARD

Basis of entitlement

The basis of the provisional entitlement will be one Rights Share for every two existing Shares held on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must (i) be registered on the register of members of the Company at the close of business on the Record Date; and (ii) not be a Non-Qualifying Shareholder. As at the Latest Practicable Date, there is no Non-Qualifying Shareholder.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Friday, 28 September 2018.

The Subscription Price

The Subscription Price of HK\$0.138 per Rights Share will be payable in full upon application for the Rights Shares under the Rights Issue. The Subscription Price represents:

- (a) a discount of approximately 2.13% to the closing price of HK\$0.141 per Share as quoted on the Stock Exchange on the Last Trading Day which is last trading;
- (b) a discount of approximately 2.13% to the average closing price of HK\$0.141 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 5.32% to the average closing price of HK\$0.146 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day.

LETTER FROM THE BOARD

- (d) a discount of approximately 1.43% to the theoretical ex-entitlement price of HK\$0.140 per Share, based on the closing price of HK\$0.141 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 71.23% to the audited consolidated net asset value per Share of approximately HK\$0.480 based on the latest audited net asset value attributable to owners of the Company as at 31 December 2017 of approximately HK\$1,281.9 million and the Shares in issue as at 31 December 2017 of 2,672,192,469 Shares;
- (f) a discount of approximately 68.86% to the unaudited consolidated net asset value per Share of approximately HK\$0.443 based on the latest unaudited net asset value attributable to owners of the Company as at 30 June 2018 of approximately HK\$1,184.1 million and the Shares in issue as at 30 June 2018 of 2,672,192,469 Shares; and
- (g) as same as the closing price of HK\$0.138 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, the prevailing market price of the Shares under the current market conditions of the Shares. In particular, the Subscription Price was revised and decreased from HK\$0.187 to HK\$0.138 per Rights Share to encourage and allow more Shareholders to participate in the Rights Issue. The Directors consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Rights Issue offers each Qualifying Shareholders the opportunity to maintain their respective pro rata shareholdings in the Company and enables them to participate in the future growth of the Group.

The net price (after deducting the relevant expenses) per Rights Share will be approximately HK\$0.129.

Dilution impact of the Rights Issue

The Rights Issue will be conducted on the basis of one Rights Share for every two existing Shares held on the Record Date.

If all the Shareholders do not take up the Rights Shares to which they are entitled and the Underwriter take up all the Rights Shares, assuming that there is no change to the issued share capital of the Company from the Latest Practicable Date up to and including the completion date of the Rights Issue, as illustrated in the section headed "CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY" below, the percentage of shareholdings of the existing public Shareholders (i.e. excluding the shareholding interests of the Substantial Shareholders of the Company and the Directors) will be reduced from approximately 49.47% to approximately 32.98%.

LETTER FROM THE BOARD

The Board considers that any potential dilution impact should be balanced against the following factors:

- (a) Qualifying Shareholders have the choice whether to accept the Rights Issue or not;
- (b) the Rights Issue offers Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market price of the Shares;
- (c) those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and
- (d) Qualifying Shareholders will have the right to apply for additional Shares through the submission of the EAF.

Having considered the above, the Board considers the potential dilution effect on the shareholding interests of the Qualifying Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, to be acceptable. Having taken into account the terms of the Rights Issue, the Directors consider that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, it also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

LETTER FROM THE BOARD

As at the Latest Practicable Date, based on the register of members of the Company, the number and shareholdings of the Overseas Shareholders with registered addresses in Australia, Macau, Thailand and the United Kingdom are as follows:

	Number of registered Shareholders	Number of Shares held	Approximate percentage of shareholding in the issued share capital of the Company as at the Latest Practicable Date
Australia	1	3,000	0.00011%
Macau	2	8,500	0.00032%
Thailand	1	3,000	0.00011%
United Kingdom	3	3,142,355	0.12%

In accordance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries with legal advisers to assist and enable the Board to consider whether it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders, on account of either the legal restriction under the laws of the relevant place or requirements of the relevant regulatory body or stock exchange in that place.

Based on local legal advice as at the Latest Practicable Date, the Board is of the view that local legal restrictions and requirements of the relevant regulatory body or stock exchange do not make it necessary or expedient to exclude Overseas Shareholders with registered addresses in Australia, Macau, Thailand and the United Kingdom from the Rights Issue. Accordingly, the Rights Issue will be extended to all Overseas Shareholders.

Ranking of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, with a record date which falls on or after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment or waiver (as appropriate) of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on Wednesday, 31 October 2018 by ordinary post to the allottees, at their own risks, to their registered addresses.

LETTER FROM THE BOARD

Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on Wednesday, 31 October 2018 by ordinary post to the applicants, at their own risks, to their registered addresses.

Application for excess Rights Shares

Qualifying Shareholders will be entitled to apply, by way of excess application, for:

- (i) any unsold Rights Shares which would have been allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders;
- (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares; and
- (iii) any unsold Rights Shares created by adding together fractions of the Rights Shares.

As at the Latest Practicable Date, there is no Non-Qualifying Shareholder.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

The Board will allocate the excess Rights Shares to the Qualifying Shareholders who have applied for excess application at its discretion, but on a pro-rata basis in proportion to the number of excess Rights Shares being applied for under each application. In determining the number of excess Rights Shares to be allocated to a Qualifying Shareholder, no reference will be made to the number of Rights Shares subscribed by that Qualifying Shareholder through applications by PAL or the existing number of Shares held by such Qualifying Shareholder. No preference will be given to topping up odd lots to whole board lots.

The Board would like to note that, in relation to applications for excess Rights Shares, where Shares are held by a nominee (or which are held in CCASS), the beneficial owners of those Shares should note that the Board will regard a registered nominee as a single Shareholder. Accordingly, the arrangements regarding allocation of excess Rights Shares will not be extended to the beneficial owners individually. Beneficial owners who hold Shares through a registered nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to 4:30 p.m. on the Last Day for Transfer.

Beneficial owners whose Shares are held by a registered nominee and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on the Last Day for Transfer.

LETTER FROM THE BOARD

Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to the Underwriter or its nominee/agent, and will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregated fractions of nil-paid Rights Shares will be made available for excess applications by Qualifying Shareholders under the EAFs. No odd lot matching services will be provided.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 1,000 Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated by the Underwriters prior to the Latest Time for Termination in accordance with its terms. Please refer to the paragraph headed “Conditions of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” for details of the conditions of the Underwriting Agreement. In the event that the conditions of the Rights Issue are not satisfied or waived (as appropriate) in whole by the Latest Time for Termination, then the Rights Issue will not proceed.

LETTER FROM THE BOARD

THE UNDERWRITING AGREEMENT

On 13 June 2018 and 20 September 2018 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the underwriting arrangement for the Rights Issue. The principal terms of the Underwriting Agreement are as follows:

Date:	13 June 2018 and 20 September 2018
Underwriter:	VMS Securities Limited
Number of Underwritten Shares:	660,850,577 Rights Shares, representing all the Rights Share less the number of Rights Share undertaken to be taken up by Shougang Holding. The Rights Issue is fully underwritten.
Number of Underwriting commission:	3.5% of the aggregate Subscription Price in respect of the Underwritten Shares to be underwritten.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to, amongst other things, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of the Underwriting Agreement including the commission rates are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Conditions precedent:	<p>The obligations of the Underwriter are conditional upon the satisfaction of the following conditions:</p> <ul style="list-style-type: none">(a) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by not later than the Prospectus Posting Date;(b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only, on the Prospectus Posting Date;(c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares by no later than the first day of their dealings;
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LETTER FROM THE BOARD

- (d) the Transactions being approved by Independent Shareholders at the SGM; and
- (e) the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein.

The conditions above cannot be waived. If any of the conditions of the Rights Issue is not satisfied in whole or in part by the Company by the Long Stop Date or such other date as the Company and the Underwriter may agree, the Underwriting Agreement will terminate and none of the parties shall have any claim against the other party, save for any antecedent breaches.

As at the Latest Practicable Date, except for condition (d), none of the conditions have been satisfied.

Termination of the Underwriting Agreement

Please refer to the section headed “Termination of the Underwriting Agreement” for circumstances in which the Underwriter may terminate the Rights Issue.

If any Underwriter terminates or rescind the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made if the Underwriting Agreement is terminated or rescinded.

THE IRREVOCABLE UNDERTAKING

As at the date of Latest Practicable Date, Shougang Holding and its associates are interested in 1,350,491,315 Shares, representing approximately 50.53% of the total number of Shares in issue. Pursuant to an undertaking provided to the Company, Shougang Holding has irrevocably undertaken to the Company, among other things, that (i) it and its associates will not, within the period commencing from the date of the Underwriting Agreement and ending on the Settlement Date, transfer or otherwise dispose of, or create any right in respect of, any Shares held by it, and (ii) subject to fulfilment of the conditions of the Rights Issue and the Underwriting Agreement not having been terminated in accordance with its terms, it will take up its provisional entitlements under the Rights Issue. Save for those Rights Shares which Shougang Holding has irrevocably undertaken to take up, the Rights Issue is fully underwritten by the Underwriter.

As at the Latest Practicable Date, save for Shougang Holding, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

LETTER FROM THE BOARD

PROCEDURES FOR ACCEPTANCE AND PAYMENT OR TRANSFER

PAL – acceptance, payment and transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Tuesday, 23 October 2018. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Shougang Concord Grand (Group) Limited – PAL" and crossed "Account Payee Only".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Tuesday, 23 October 2018, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions in the PAL.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer all of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Friday, 12 October 2018 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. New PALs will be available for collection at the Registrar during normal business hours on the second Business Day after the surrender of the original PALs.

Qualifying Shareholders who wish to transfer their rights to subscribe for Rights Shares and the investors to whom the rights to subscribe for the Rights Shares are being transferred should note that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

The PAL contains the full information regarding the procedures to be followed if the Qualifying Shareholders wish to accept only part of their provisional allotment or if they wish to renounce all or part of their provisional allotment.

All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque will be made out to you.

LETTER FROM THE BOARD

Completion and return of the PAL together with a cheque or cashier's order in payment for the Rights Shares will constitute a warranty by the subscriber that the cheque or cashier's order will be honoured on first presentation. If the conditions of the Rights Issue are not fulfilled or waived (as appropriate), the application monies will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant), through ordinary post at the risk of the applicant(s) to the applicant's address specified in the register of members of the Company or the transfer form on or before Wednesday, 31 October 2018.

If the Underwriters exercise the right to terminate its obligations under the Underwriting Agreement before 4:00 p.m. on Wednesday, 24 October 2018, monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest, by means of cheques to be despatched by ordinary post to their registered addresses at the risk of such applicants on or before Wednesday, 31 October 2018.

Save as described under the paragraph headed "Rights of Overseas Shareholders" above, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong.

Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone receiving the Prospectus Documents outside Hong Kong wishing to make an application for the Rights Shares to satisfy itself/himself/herself/themselves before subscribing for the allotted Rights Shares or excess Rights Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith.

Completion and return of the PAL together with a cheque or cashier's order in payment for the Rights Shares will constitute a representation and warranty from the subscriber to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong, in connection with the PAL and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, the above representation and warranty. If you are in doubt as to your position, you should consult your own professional advisers.

The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

No receipt will be issued in respect of any application monies received.

LETTER FROM THE BOARD

EAF – application for excess Rights Shares

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 23 October 2018 (or such later time and/or date as mentioned in the paragraph headed "Effect of bad weather on the Latest Time for Acceptance" in the section headed "Expected Timetable" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "Shougang Concord Grand (Group) Limited – EAF" and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed EAF, together with the appropriate remittance, have been lodged with the Registrar by 4:00 p.m. on Tuesday, 23 October 2018 (or such later time and/or date as mentioned in the paragraph headed "Effect of bad weather on the Latest Time for Acceptance" in the section headed "Expected Timetable" in this Prospectus) by a Qualifying Shareholder, the EAF will be rejected. It should also be noted that the lodging of the EAF does not assure the Qualifying Shareholder of being allocated any Rights Shares in excess of those of his/her/its provisional allotments.

All cheques or banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Without prejudice to its other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation. Qualifying Shareholder shall pay the exact amount payable upon application for the excess Rights Shares, and underpaid application will be rejected. In the event of overpaid application, a refund cheque will be made out to the Qualifying Shareholder only if the overpaid amount is HK\$100 or above. No receipt will be issued in respect of any EAF or any application monies received.

The Company will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them by way of announcement.

Where the number of excess Rights Shares applied for under one EAF is larger than the total number of Rights Shares being offered under the Rights Issue, such application (other than from a nominee company) would be treated as invalid and be rejected. For the avoidance of doubt, this restriction will not be applied to all nominees companies including HKSCC Nominees Limited. If no excess Rights Shares are allotted to a Qualifying Shareholder, a refund cheque for the full amount in respect of the excess application will be posted to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Wednesday, 31 October 2018. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, a refund cheque for the surplus application monies will also be posted to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Wednesday, 31 October 2018. One share certificate will be issued for all Rights Shares in fully-paid form accepted by each applicant, except HKSCC Nominees Limited.

LETTER FROM THE BOARD

Completion and return of the EAF will constitute a representation and warranty by the applicant to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong, in connection with the EAF and any applications made for excess Rights Shares, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the excess Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any jurisdiction.

The EAF is for use only by the Qualifying Shareholder(s) to whom it is addressed and is not transferable. All documents, including refund cheques (if any), will be despatched by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar.

If the Underwriters exercise the right to terminate its obligation under the Underwriting Agreement prior to the Latest Time for Termination and/or if any of the conditions of the Rights Issue are not fulfilled by the respective dates specified in the paragraph headed “Conditions of the Rights Issue” in this Prospectus, the remittance received in respect of relevant application for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques to be despatched by ordinary post at the risk of such applicants to their registered addresses by the Registrar on or before Wednesday, 31 October 2018.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company before and after the completion of the Rights Issue (assuming no outstanding share options will be exercised between the Latest Practicable Date and completion date of the Rights Issue):

Shareholders	As at the Latest Practicable Date		Upon completion of the Rights Issue (assuming that all Rights Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Rights Issue (assuming that none of the Rights Shares are subscribed for by the Qualifying Shareholders other than Shougang Holding and its associates)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Shougang Holding and its associates	1,350,491,315	50.53	2,025,736,972	50.53	2,025,736,972	50.53
Underwriter	0	0	0	0	660,850,577	16.49
Other Shareholders	1,321,701,154	49.47	1,982,551,731	49.47	1,321,701,154	32.98
Total	2,672,192,469	100.00	4,008,288,703	100.00	4,008,288,703	100.00

Note: Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The gross proceeds from the Rights Issue will be approximately HK\$184.4 million. The net proceeds from the Rights Issue after deducting all relevant expenses are estimated to be approximately HK\$172.7 million.

The Company presently intends to apply the net proceeds from the Rights Issue for the satisfaction of (i) the consideration for the acquisition of the First Sale Shares of approximately RMB75.3 million and the Second Sale Shares of RMB1.5 million and (ii) the balance will be allocated to partially satisfy the capital contributions to the Second Target Company and the Third Target Company. With the shortfall, depending on market conditions and the Group's strategic review from time to time, to be financed by bank financing and/or internal resources of the Group and/or further capital market fund raising, as appropriate. The Company conducts on going strategic review of business of the Group. If the Company considers the business opportunities to be in the interests of the Company and the Shareholders as a whole, the Company would proceed with the business opportunities and may consider to finance the business opportunities by capital market fund raising which may be material. As at the Latest Practicable Date, no definite agreements have been entered into.

The Directors are of the view that the Rights Issue will enable the Company to raise funds and provide the Company with the financial flexibility necessary for the Transactions and for the Group's future development and investment purposes. The Rights Issue will also allow the Company to strengthen its capital base and improve the Group's overall financial position. The Rights Issue is being selected over other forms of financing as it provides an opportunity for all Shareholders to participate in the development of the Company in proportion to their shareholdings.

Other fund-raising alternatives

Apart from the Rights Issue, the Directors have also considered other financing methods, such as open offer, placing, bank borrowing and debt financing, in order to meet its financing requirement arising from the development of the Group.

As regards to an open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. A placing of new shares would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company on an equitable basis.

In respect of debt financing, the Directors have also considered bank borrowings or debt financing. However, the use of bank borrowing or debt financing (i) will create additional interest burden to the Group, which would adversely affect the Group's performance and; (ii) the Group may be subject to, including but not limited to, lengthy due diligence and negotiations with banks or financial institutions and the prevailing market condition.

LETTER FROM THE BOARD

Having considered the above factors, the Directors consider that raising funds by way of the Rights Issue is a better option for the Company as it represents an opportunity for the Company to fund the Transactions, broaden its Shareholder and capital base thereby increasing the liquidity of the Shares. In addition, while the Rights Issue enables the Company to enhance its financial position, it will also give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the potential future development of the Group at the same time. Hence, the Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.

Fund-raising activities of the Company in the past 12 months prior to the date of the Announcements

The Company had not conducted any other fund-raising exercise in the past 12 months immediately preceding the date of the Announcements.

POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS

As a result of the Rights Issue, the exercise prices of, and/or the number or nominal amount of Shares subject to, the outstanding Share Options may be adjusted in accordance with the terms and conditions of the Share Option Scheme. The Company will make further announcements on the appropriate adjustments (if any) and the date they are expected to take effect in due course.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Please refer to the paragraphs headed “Conditions of the Underwriting Agreement” and “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this Prospectus for details of the conditions and grounds of termination of the Underwriting Agreement. Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Thursday, 27 September 2018. Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Wednesday, 10 October 2018 to 4:00 p.m. on Thursday, 18 October 2018 (both days inclusive).

Any Shareholder or potential investor who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as appropriate) (which is expected to be on Wednesday, 24 October 2018), and any dealings in the Rights Shares in their nil-paid form from 9:00 a.m. on Wednesday, 10 October 2018 to 4:00 p.m. on Thursday, 18 October 2018 (both days inclusive) will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

By Order of the Board
Shougang Concord Grand (Group) Limited
Xu Liang
Chairman

1. FINANCIAL INFORMATION

Financial information of the Group for the three years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2018 are disclosed on pages 62 to 155 of the annual report of the Company for the year ended 31 December 2015, pages 69 to 173 of the annual report of the Company for the year ended 31 December 2016, pages 65 to 181 of the annual report of the Company for the year ended 31 December 2017, pages 4 to 53 of the interim report of the Company for the six months ended 30 June 2018 respectively, all of which are published on the website of the Stock exchange at <http://www.hkexnews.hk>, and the website of the Company at <http://www.shougang-grand.com.hk>. Quick links to the annual reports of the Company are set out below:

annual report of the Company for the year ended 31 December 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0414/LTN20160414590.pdf>

annual report of the Company for the year ended 31 December 2016:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0412/LTN20170412383.pdf>

annual report of the Company for the year ended 31 December 2017:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0413/LTN201804131029.pdf>

Interim report of the Company for the six months ended 30 June 2018:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0906/LTN201809061105.pdf>

2. STATEMENT OF INDEBTEDNESS**Borrowings**

At the close of business on 31 August 2018, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Group had outstanding bank borrowings of approximately HK\$800,259,000 of which approximately HK\$315,431,000 was secured by certain properties and finance lease receivables of the Group and guaranteed, HK\$344,828,000 was secured by certain finance lease receivables of the Group and unguaranteed and HK\$140,000,000 was unsecured and guaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, guarantees or other material contingent liabilities as at the close of business on 31 August 2018.

3. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into account the effect of the Transactions, the internal resources and generated funds of the Group, the presently available banking facilities and the estimated net proceeds from the Rights Issue, are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the loss of approximately HK\$58 million for the six months ended 30 June 2018 which was primarily attributable to an impairment loss on the Group's interest in an associate for the six months ended 30 June 2018, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Company were made up. For details of the loss recorded by the Group for the six months ended 30 June 2018, please refer to the interim report of the Company for the six months ended 30 June 2018.

5. FINANCIAL, BUSINESS AND TRADING PROSPECT OF THE GROUP

The Group adhered to a prudent risk management policy, with the finance leasing and other financial services segment continuously carrying out rigorous and regular review of credit risk over all the existing and new finance leasing clients. The Group will continue to adopt a careful and prudent credit risk management strategy and endeavor to exercise its best efforts in the recovery of impaired receivables through continuing to track the assets conditions and the progress of litigation, combined with non-litigations methods.

In response to the fluctuated and unbalanced credit environment in Mainland China and the changing international economic environment, the finance leasing and other financial services segment put emphasis on strengthening risk control mechanism and introducing information technology platform. Based on the ever strengthening and improving risk control mechanism, the segment adjusted the management control strategy in time and insisted on optimizing management system, enriching business team to solidify existing clients and proactively explore customers with good quality so as to promote an expanded business scale and increase overall revenue.

On 8 June 2018, the Company has entered into another master facilities agreement with Shougang Group (the "**New Master Facilities Agreement**"), pursuant to which the Company has conditionally agreed to provide or procure its subsidiaries to provide the facilities to Shougang Group and/or its subsidiaries. The Company is in the course of finalising certain information to be included in the circular in relation to the New Master Facilities Agreement. The Group aims at sourcing customers, both from the Shougang Group (and/or its subsidiaries) and independent third parties, in the finance lease segment with sufficient assets and good creditability in order to safeguard the credit risks of the Group. Shougang Group is rich in assets and has a good credit history with good repayment capability. As the Group has been providing financing facilities to the Shougang Group, the New Master Facilities Agreement will enable the Group to continue to provide financing services to a trusted customers group.

Capturing market opportunities, the Group disposed of certain investment properties in the past few years (including residential, commercial and industrial property units) so as to adjust the combination and quality of the investment properties portfolio. To improve assets return, the Group had reviewed and rearranged the layout of the self-occupied office so as to release rentable floor area. Relying on the good business base and network rooted in Hong Kong and built up in the past several years in Mainland China, the Group will take a overall analysis on the developments and trends of global treasury market and pay close attention to the economic structural adjustment and changes in financial reform in Mainland China, by tracking industries with good growth potential, capturing opportunity to develop new projects and innovative service, promoting positive interaction among projects and enriching the assets management business at the same time.

The Group's major corporate strategy is divided into two main components: business development and risks management infrastructure.

For business development, based on the continued optimisation and improvement on business procedures and management system to enrich business strength, the Group will devote more resources to existing prominent business sector – finance leasing for promoting business scale extension and specialization. Meanwhile, we will take full advantage of our cross-border business network among overseas and Mainland China targeting to provide supporting financial services to enterprises and further explore innovative financial services products with an aim to boosting the development of the Group's core and new business and achieving maximized synergies.

For risks management infrastructure, prudent and effective risk management can help to explore long-term investment value and served as the cornerstone for the Group's sustainable growth. Focusing on business development while at the same time the Group will continue to strengthen its risk management infrastructure to reduce the chance of risk occurrence or the loss upon risk occurrence.

Since the publication of the latest published audited accounts, the Group entered into the Transactions. Further details of the Transactions are disclosed in the circular of the Company dated 4 September 2018. The Transactions were approved by the Independent Shareholders at the SGM.

The Group will focus on the development of innovative financial services industry and continues to explore financial engineering projects in relation to the integration of supply chain networks with third parties leveraged on the Group's knowledge in steel industry and accessibility to bank financing and capital markets. As set out in the Company's announcement dated 19 September 2018, the Transactions have been duly approved by Company's shareholders by way of poll in the SGM and the estimated net proceeds from the Rights Issue will be used to finance part of the consideration for the Transactions. The Transactions will not only provide an additional and diversified income stream to the Group but also enable the Group to have access to the business of factoring in the PRC which has a ready demand and provides with the Group an entry to the PRC rapidly growing private equity industry. The Transactions are also expected to allow the Group to develop more swiftly in the fast growing supply chain finance business in the PRC and in turn, further enlarge the Group's return on investment. By devoting more resources to develop innovative financial services products and explore feasible investment opportunities such as the Transactions, the Group will continue to optimise the industrial structure of its financial services and implement timely measures to fine tune our development strategies, thereby creating sustainable growth of the Group and continuously enhancing value for the shareholders.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the company which has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2018 as if the Rights Issue had been completed on that date.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the company has been prepared for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after the Rights Issue had it been completed as at 30 June 2018 or at any future dates. It is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2018 derived from the condensed consolidated financial statements of the Group for the six months ended 30 June 2018 at that date as set out in the published interim report of the Group.

Unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2018 <i>HK\$'000</i> <i>(Note 1)</i>	Adjustment for intangible asset of the Group attributable to owners of the Company as at 30 June 2018 <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2018 <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2018 <i>HK\$</i> <i>(Note 3)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 4)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the Rights Issue <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the Rights Issue <i>HK\$</i> <i>(Note 5)</i>
1,184,062	52,935	1,131,127	0.423	172,741	1,303,868	0.325

Note 1: The unaudited consolidated net assets attributable to owners of the Company as at 30 June 2018 are extracted from the published condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

Note 2: Intangible asset of the Group represents the goodwill held by the Group and are extracted from the published condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

Note 3: 2,672,192,469 Shares in issue as at 30 June 2018 are used as the number of shares for the calculation of per Share amount. The effect of Rights Issue have not been taken into account in the calculation.

Note 4: The estimated net proceeds from Rights Issue of approximately HK\$172,741,000 are based on gross proceeds from rights shares of approximately HK\$184,381,000 (1,336,096,234 rights shares (lower bound of Rights Issue) to be issued in proportion of 1 rights share for every 2 existing shares held as at the record date which is 2,672,192,469 shares at the subscription price of HK\$0.138 per rights share) and after deducting the estimated underwriting commission of 3.5% of approximately HK\$3,192,000 and other related expenses of approximately HK\$8,448,000 to be incurred by the Company.

Note 5: The number of Shares used for the calculation per Share amount is 4,008,288,703, representing 2,672,192,469 Shares in issue as at 30 June 2018 and 1,336,096,234 Rights Shares to be issued assuming that no outstanding share options of the Company will be exercised. The Company did not have any outstanding warrants or other convertible instruments as at 30 June 2018.

Note 6: No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2018.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Shougang Concord Grand (Group) Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shougang Concord Grand (Group) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2018 and related notes as set out on page 30 of Appendix II to the Prospectus issued by the Company dated 8 October 2018 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page 30 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue (as defined in the Prospectus) on the Group's financial position as at 30 June 2018 as if the proposed Rights Issue had taken place at 30 June 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2018, on which a review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2018 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 October 2018

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company (a) as at the Latest Practicable; and (b) immediately upon completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the completion date of the Rights Issue) are as follows:

(a) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
10,000,000,000 Shares	100,000,000
<i>Issued and fully paid or credited as fully paid:</i>	
2,672,192,469 Shares	26,721,924.69

(b) Immediately upon completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the completion date of the Rights Issue)

<i>Authorised:</i>	<i>HK\$</i>
10,000,000,000 Shares	100,000,000
<i>Issued and fully paid or credited as fully paid:</i>	
2,672,192,469	Shares in issue as at the Latest Practicable Date 26,721,924.69
1,336,096,234	Rights Shares to be issued 13,360,962.34
4,008,288,703	Shares in issue and fully paid immediately upon completion of the Rights Issue 40,082,887.03

As at the Latest Practicable Date, the Company has 3,520,000 outstanding Share Options under the share option scheme of the Company adopted on 7 June 2002. Save as disclosed above, there are no other derivatives, outstanding convertible securities, options or warrants of the Company in issue which confer any right to subscribe for, convert or exchange into the Shares as at the Latest Practicable Date. As at the Latest Practicable Date, no capital of any member of the Group was under option, or agreed conditionally or unconditionally to put under option. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. CORPORATION INFORMATION

Board of Directors

Executive Directors

Xu Liang (*Chairman*)

Rooms 1101-04, 11th Floor

Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

Liu Dongsheng (*Managing Director*)

Rooms 1101-04, 11th Floor

Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

Non-executive Director

Huang Donglin

Rooms 1101-04, 11th Floor

Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

Independent Non-executive Directors

Tam King Ching, Kenny
Rooms 1101-04, 11th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Yip Kin Man, Raymond
Rooms 1101-04, 11th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Fei Jianjiang
Rooms 1101-04, 11th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Wan Siu Wah, Wilson
Rooms 1101-04, 11th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Audit Committee

Tam King Ching, Kenny (*Chairman*)
Yip Kin Man, Raymond
Fei Jianjiang
Wan Siu Wah, Wilson

Remuneration Committee

Tam King Ching, Kenny (*Chairman*)
Xu Liang
Huang Donglin
Yip Kin Man, Raymond
Fei Jianjiang
Wan Siu Wah, Wilson

	<i>Nomination Committee</i> Xu Liang (<i>Chairman</i>) Huang Donglin Tam King Ching, Kenny Yip Kin Man, Raymond Fei Jianjiang Wan Siu Wah, Wilson
Registered office	Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda
Head office and principal place of business in Hong Kong	Rooms 1101-04, 11th Floor Harcourt House 39 Gloucester Road Wanchai Hong Kong
Company secretary	Ms. Yeung Ching Man
Authorised representatives	Mr. Xu Liang Rooms 1101-04, 11th Floor Harcourt House 39 Gloucester Road Wanchai Hong Kong Ms. Yeung Ching Man Rooms 1101-04, 11th Floor Harcourt House 39 Gloucester Road Wanchai Hong Kong
Legal advisers to the Company	As to Hong Kong laws Sidley Austin 39 Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
Hong Kong branch share registrar and transfer office	Tricor Tengis Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong

Principal share registrar	Estera Management (Bermuda) Ltd. Canon's Court, 22 Victoria Street Hamilton, HM 12 Bermuda
Auditors	Deloitte Touche Tohmatsu 35/F, One Pacific Place 88 Queensway Hong Kong
Principal bankers	CMB Wing Lung Bank Limited 45 Des Voeux Road Central Hong Kong China Construction Bank (Asia) Corporation Limited 28/F, CCB Tower 3 Connaught Road Central Central Hong Kong

4. PARTIES INVOLVED IN THE RIGHT ISSUE

The Company	Shougang Concord Grand (Group) Limited Rooms 1101-04, 11th Floor Harcourt House 39 Gloucester Road Wanchai Hong Kong
Underwriter	VMS Securities Limited 49/F, One Exchange Square 8 Connaught Place Central Hong Kong
Legal advisers to the Company	As to Hong Kong laws Sidley Austin 39 Floor, Two International Finance Centre 8 Finance Street Central Hong Kong

Reporting accountants Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

**Hong Kong branch
share registrar and
transfer office** Tricor Tengis Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

5. DISCLOSURE OF INTERESTS

(a) Directors' interests

As at the Latest Practicable Date, none of the Directors nor 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 (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

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

- (i) As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following companies had interests 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/underlying Shares	Interests as to % of the issued share capital of the Company as at the Latest Practicable Date <i>(Note 1)</i>
Shougang Group Co., Ltd. (formerly known as Shougang Corporation) (" Shougang Group ")	Interests of controlled corporations	2,025,736,972 <i>(Note 2)</i>	75.81%

Name of Shareholder	Capacity in which interests were held	Number of Shares/ underlying Shares	Interests as to % of the issued share capital of the Company as at the Latest Practicable Date (Note 1)
Shougang Holding (Hong Kong) Limited ("Shougang Holding")	Interests of controlled corporations	2,025,736,972 (Note 2)	75.81%
Wheeling Holdings Limited ("Wheeling")	Beneficial owner	1,350,491,315 (Note 2)	50.53%
Mak Siu Hang, Viola	Interests of controlled corporations	785,460,577 (Note 3)	29.39%
Fastlane Global Investments Limited ("Fastlane Global")	Interests of controlled corporations	662,960,577 (Note 3)	24.81%
VMS Securities Holdings Limited ("VMS Holdings")	Interests of controlled corporations	662,960,577 (Note 3)	24.81%
VMS Financial Group Limited ("VMS Financial")	Interests of controlled corporations	662,960,577 (Note 3)	24.81%
VMS Securities Limited ("VMS")	Beneficial owner	662,960,577 (Note 3)	24.81%
Yip Wang Ngai	Interests of controlled corporations	213,600,000 (Note 4)	7.99%
HY Holdings Limited ("HY Holdings")	Beneficial owner	213,600,000 (Note 4)	7.99%

Notes:

- The total number of Shares in issue as at the Latest Practicable Date was 2,672,192,469. Conditional upon satisfaction of conditions precedent of the rights issue, the Company will conduct the Rights Issue and issue 1,336,096,234 new Shares.
- Shougang Group indicated in its disclosure form dated 29 June 2015 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 29 June 2015, it is interested in 1,350,491,315 Shares, representing the Shares held by Wheeling, a company wholly-owned by Shougang Holding. Shougang Holding was in turn directly and wholly-owned by Shougang Group. Accordingly, Shougang Group is deemed to have interests in the 1,350,491,315 Shares held by Wheeling pursuant to the SFO. Pursuant to an undertaking dated 13 June 2018, Shougang Holding has undertaken to take up 675,245,657 Rights Shares to be provisionally allotted to it pursuant to the Rights Issue and therefore Shougang Group is also deemed to be interested in this 675,245,657 Rights Shares because of the undertaking.
- The 662,960,577 Shares representing the maximum number of underwritten Shares committed by VMS as the Underwriter pursuant to the Underwriting Agreement. VMS Financial owns the entire issued share capital of VMS, which was wholly-owned by VMS Holdings. VMS Holdings was in turn wholly-owned by Fastlane Group. Ms. Mak Siu Hang, Viola is the beneficial owner of Fastlane Global. Ms. Mak Siu Hang, viola is also indirectly interested in 122,500,000 Shares, representing the Shares held by VMS Investment Group Limited, a company wholly-owned by Ms. Mak Siu Hang, Viola. Accordingly, Ms. Mak Siu Hang, Viola is deemed to have interests in the 662,960,577 Shares held by VMS as the Underwriter pursuant to the SFO.

4. Mr. Yip Wang Ngai indicated in his disclosure form dated 30 June 2015 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 29 June 2015, his interest in the Company was held by HY Holdings which in turn was held as to 80% by Mr. Yip Wang Ngai.
- (ii) As at the Latest Practicable Date, so far as is known to any Director, the following persons and companies were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital:

Name of member of the Group	Name of registered shareholder	Equity interest	% of attributable interest
上海恆岳投資管理有限公司 (Shanghai Hengyue Investment Management Company Limited*)	Gu Yu (顧旭)	RMB500,000	10.00%

* For identification purpose only

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person or corporation who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

6. PARTICULARS OF DIRECTORS

Executive Directors

Mr. Xu Liang, aged 53, senior accountant, graduated from Fudan University and obtained a bachelor degree in statistics and a master degree in business administration from Tsinghua University. Mr. Xu was appointed as Executive Director and Managing Director in January 2017, and was appointed as the Chairman of the board of directors of the Company (the “Board”) in June 2017. He ceased to act as the Managing Director of the Company from January 2018. He is an executive director and a member of the executive committee of Shougang Concord International Enterprises Company Limited (“SCI”, an associate of the Company and the shares of which are listed on the main board of the Stock Exchange, stock code: 697). He is the executive director and the member of the executive committee, the nomination committee and remuneration committee of Global Digital Creations Holdings Ltd (“GDC”, an associate of the Company and the shares of which are listed on the GEM of the Stock Exchange, stock code: 8271). Mr. Xu joined the group of Shougang Group Co., Ltd (“Shougang Group”) in 1988 and held various senior positions. He is the managing director of Shougang Holding (Hong Kong) Limited (“Shougang Holding”). Shougang Holding is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) while Shougang Group is the holding company of Shougang Holding. Mr. Xu has extensive experience in management.

Mr. Liu Dongsheng, aged 52, holds a bachelor degree in biology in Beijing Normal University, double degree in Economics (Distance Learning) in Beijing Construction Engineering College and a master degree in business administrative in Institute of NHTV Breda University of Applied Sciences. Mr. Liu was appointed as Executive Director and Managing Director in January 2018, and is a member of the Executive Committee. Mr. Liu was an independent director of Zhejiang Canaan Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange, from August 2014 to April 2016. He was also the supervisor of the Department of Securities and Capital Operation of Beijing Energy Investment Holding Co., Ltd, the Managing Director of the Investment Department and Head of Strategic Client Division in China Merchants Securities (HK) Co., Ltd., and the legal representative and General Manager of Shenzhen Merchants Zhiyuan Consulting Company Limited. Mr. Liu has extensive experience in finance and securities, assets management, research and investment.

Non – executive Director

Mr. Huang Donglin, aged 57, holds an executive master of business administration from Shanghai Jiao Tong University and a doctor’s degree from United Business Institutes in Belgium. Mr. Huang was appointed as Non-executive Director of the Company in May 2018 and is a member of each of the Remuneration Committee and the Nomination Committee He held positions in The People’s Bank of China, Industrial and Commercial Bank of China and Bank of China. Mr. Huang has worked in the finance industry for over thirty years and led the equity reorganization and restructuring of a number of domestic companies. He has extensive experience in finance, and has been engaged in relevant enterprise management and diagnosis for a long time.

Independent Non – executive Directors

Mr. Tam King Ching, Kenny, aged 68, holds a bachelor’s degree in commerce from Concordia University, Canada. Mr. Tam was appointed an Independent Non-executive Director of the Company in February 1996 and is the chairman of each of the Audit Committee and the Remuneration Committee, as well as a member of the Nomination Committee. He is a practising Certified Public Accountant in Hong Kong. Mr. Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Chartered Professional Accountants of Ontario, Canada (formerly named as the Institute of Chartered Accountants of Ontario, Canada). He is serving as a member of each of the Restructuring and Insolvency Faculty Executive Committee and the Insolvency SD Vetting Committee in the Hong Kong Institute of Certified Public Accountants. Mr. Tam is a Past President of The Society of Chinese Accountants and Auditors. He also serves as an independent non-executive director of certain listed companies on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), namely, BeijingWest Industries International Limited (“BeijingWest International”), CCT Fortis Holdings Limited, CCT Land Holdings Limited, Kingmaker Footwear Holdings Limited, Starlite Holdings Limited, Hong Kong Shanghai Alliance Holdings Limited, West China Cement Limited and Wisdom Education International Holdings Company Limited.

Mr. Yip Kin Man, Raymond, aged 71, holds a bachelor's degree in arts with honors from the University of Hong Kong. Mr. Yip was appointed an Independent Non-executive Director of the Company in January 2007 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. He is also an independent non-executive director of each of Shougang Century and BeijingWest International. Mr. Yip is a practising solicitor, notary public and Attesting Officer appointed by the Ministry of Justice of the PRC. He has extensive experience in legal profession.

Mr. Fei Jianjiang, aged 48, was appointed as an Independent Non-executive Director of the Company in March 2018 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Fei holds a bachelor degree in economics from Hengyang Institute of Technology* (currently renamed as University of South China) and a master degree in management from Xi'an Jiaotong University. He held positions in China Construction Bank and Shanghai Pudong Development Bank. He also served successively as the chief financial officer, deputy general manager and general manager of China-Singapore Suzhou Industrial Park Ventures Co., Ltd. Mr. Fei is currently an executive partner of SIP Oriza Seed Fund Management Co., Ltd. (蘇州工業園區元禾原點創業投資管理有限公司), and is a director of Digital China Information Service Company Ltd.* (a company listed on the Shenzhen Stock Exchange, stock code: 000555), a subsidiary of Digital China Holdings Limited (a company listed on the main board of the Stock Exchange (stock code: 861) whose Taiwan Depository Receipts are listed on the Taiwan Stock Exchange Corporation (stock code: 910861)).

Mr. Wan Siu Wah Wilson, aged 57, was appointed as an Independent Non-executive Director of the Company in March 2018 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Wan holds a bachelor honours degree in business administration from the Chinese University of Hong Kong and a master degree in business administration from the University of Pittsburgh in the United States. He has over 30 years of experience in corporate banking and investment banking. He held positions in Bank of Credit and Commerce International, Australia and New Zealand Banking Group Limited, and Industrial and Commercial Bank of China (Asia) Limited. From 2007 to 2015, he served successively as the managing director of BOC International Holdings Limited and the chief executive officer of China Merchants Securities (HK) Co., Limited (a subsidiary of China Merchants Securities Co., Ltd. (a company listed on the main board of the Stock Exchange, stock code: 6099 and listed on the Shanghai Stock Exchange, stock code: 600999)). Mr. Wan currently serves as the chief executive officer of Cleverage Capital Limited and an independent non-executive director of Shenzhen Expressway Company Limited (a company listed on the main board of the Stock Exchange, stock code: 548 and listed on the Shanghai Stock Exchange, stock code: 600548). He also serves as an adjunct professor of the Department of Finance, a member of the MBA Advisory Board and the chairman of its Alumni Committee of the Chinese University of Hong Kong.

7. 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).

8. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, in so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business that competed or was likely to compete with the business of the Group.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for the loss of approximately HK\$58 million for the six months ended 30 June 2018 which was primarily attributable to an impairment loss on the Group's interests in an associate for the six months ended 30 June 2018, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Company were made up. For details of the loss recorded by the Group for the six months ended 30 June 2018, please refer to the interim report of the Company for the six months ended 30 June 2018.

10. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

11. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice, which are contained in this prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Certified public accountants

As at the Latest Practicable Date, the above mentioned expert did not have any direct or indirect shareholdings 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, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of by or leased to any member of the Group, respectively, since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

The above expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its reports and references to its name in the form and context in which they appear.

12. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group, the First Target Company, the Second Target Company and the Third Target Company:

- (i) The Underwriting Agreement;
- (ii) The First Share Sale Agreement;
- (iii) The Second Share Sale Agreement;
- (iv) The Capital Increase Agreement;
- (v) The agreements dated 28 December 2016 and 29 December 2016 between the First Target Company and each of Shanghai Find Steel Network Information Technology Co., Ltd.* and Mr. Guo Mingshe respectively in relation to the proposed contribution of RMB5,849,610.92 to the registered capital of the First Target Company;
- (vi) The agreement dated 9 February 2018 between the Second Seller, the Second Target Company and Huarong Dingli in respect of the Previous Capital Increase;
- (vii) the memorandum of understanding dated 12 April 2018 in relation to the formation of the Third Target Company, details of which are set out in the announcement of the Company dated 12 April 2018;
- (viii) The agreement dated 19 April 2018 entered into between Gold Cosmos and Shougang Fund in relation to the establishment of the Third Target Company, details of which are set out in the announcement of the Company dated 19 April 2018; and
- (ix) The agreement dated 9 May 2018 between the Second Seller, the Second Target Company and Huarong Dingli in respect of the termination of the Previous Capital Increase.

13. MISCELLANEOUS

- (i) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda and having its principal business of business in Hong Kong at Rooms 1101-04, 11th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (ii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.
- (iii) As at the Latest Practicable Date, save for the irrevocable undertaking as disclosed under the section headed "THE IRREVOCABLE UNDERTAKING", the Board had not received any information from any Shareholders of the Company of their intention to take up the Rights Shares to be provisionally allotted or offered to them under the Rights Issue.

- (iv) 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 2017, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (v) 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 prospectus and which is significant in relation to the business of the Group.
- (vi) As at the Latest Practicable Date, the company secretary of the Company is Ms. Yeung Ching Man, is a member of the Hong Kong Institute of Certified Public Accountant.
- (vii) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation and in case of inconsistency.

14. EXPENSES

The expenses in connection with the Rights Issue including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges, registration and other related expenses, are estimated to amount to approximately HK\$11.6 million and are paid or payable by the Company.

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

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “11. Expert and Consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take any responsibility for the contents of the Prospectus Documents.

16. LEGAL EFFECT

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

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company during normal business hours on any weekday other than public holidays, from the date of this Prospectus, up to and including the Latest Time for Acceptance:

- (a) the memorandum and articles of association of the Company;

- (b) the annual reports of the Company for the three financial years ended 31 December 2015, 2016 and 2017;
- (c) the interim report of the Group for the six months ended 30 June 2018;
- (d) the written consent referred to in the paragraph headed “Expert and Consents” to this Appendix;
- (e) the material contracts referred to in the paragraph headed “Material Contracts” to this Appendix;
- (f) the unaudited pro forma financial information of the Group as set out in Appendix II to this prospectus;
- (g) the letter from the Board;
- (h) the circular of the Company dated 4 September 2018.