

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 this announcement.



首長國際企業有限公司
SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 697)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE PROPOSED RESTRUCTURING**

THE PROPOSED RESTRUCTURING

On 21 November 2018, the Company entered into the Sale and Purchase Agreement with Shougang Holding, pursuant to which the Company has conditionally agreed to sell, and Shougang Holding has conditionally agreed to purchase, the Sale Share, being the one ordinary share of Fair Union which represents the entire issued share capital of Fair Union as at the date of this announcement, at a consideration of HK\$205,996,553.70. Fair Union holds, directly and indirectly, approximately 35.71% in aggregate of the entire issued share capital of Shougang Century as at the date of this announcement.

Upon completion of the Proposed Restructuring, the Company will cease to have any shareholding interest in Shougang Century.

LISTING RULES IMPLICATIONS

Shougang Holding is a connected person of the Company under the Listing Rules by virtue of being a controlling shareholder of the Company. The Proposed Restructuring therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Proposed Restructuring exceed 5% but are less than 25%, the Proposed Restructuring constitutes a discloseable and connected transaction for the Company and is subject to the announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

GRANT OF WAIVER

The Proposed Restructuring may lead to a general offer for all the shares of Shougang Century under the Takeovers Code unless otherwise waived by the Executive. As informed by Shougang Holding, (i) Shougang Holding applied to the Executive for a waiver to dispense with the obligation to make a mandatory general offer for the shares of Shougang Century not already owned or agreed to be acquired by it pursuant to Rule 26.1 of the Takeovers Code as a result of the Proposed Restructuring; and (ii) the said waiver was granted by the Executive pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code on 2 November 2018.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Proposed Restructuring, the Sale and Purchase Agreement and the transactions contemplated thereunder. Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Proposed Restructuring; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Restructuring, the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iii) a notice convening the GM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 12 December 2018.

Completion of the Proposed Restructuring is subject to the satisfaction of the conditions set out in the Sale and Purchase Agreement and the Proposed Restructuring may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

THE PROPOSED RESTRUCTURING

On 21 November 2018, the Company entered into the Sale and Purchase Agreement with Shougang Holding, pursuant to which the Company has conditionally agreed to sell, and Shougang Holding has conditionally agreed to purchase, the Sale Share, being the one ordinary share of Fair Union which represents the entire issued share capital of Fair Union as at the date of this announcement, at a consideration of HK\$205,996,553.70. Fair Union holds, directly and indirectly, approximately 35.71% in aggregate of the entire issued share capital of Shougang Century as at the date of this announcement.

The principal terms of the Sale and Purchase Agreement are set out below.

Sale and Purchase Agreement

Date: 21 November 2018

Parties: The Company as the seller and Shougang Holding as the purchaser

Consideration

The consideration of HK\$205,996,553.70 was agreed after arms' length negotiations between the parties. The consideration of HK\$205,996,553.70 reflects an indirect transfer of 686,655,179 shares of Shougang Century at a consideration of HK\$0.30 per share of Shougang Century, representing a premium of approximately 63.93% to the closing price of HK\$0.183 per share of Shougang Century as quoted on the Stock Exchange as at the date of this announcement. The consideration is to be settled by way of cash on completion of the Proposed Restructuring.

Conditions

Completion of the Proposed Restructuring is conditional upon:

- (i) the approval from the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder at the GM in accordance with the Listing Rules, and such approval remaining valid and effective;
- (ii) the approval from Shougang Group of the Sale and Purchase Agreement and the transactions contemplated thereunder which has been granted by Shougang Group prior to the date of the Sale and Purchase Agreement remaining valid and effective and not having been revoked by Shougang Group; and
- (iii) the waiver from the obligation to make a mandatory general offer for the shares of Shougang Century not already owned or agreed to be acquired by Shougang Holding under Rule 26.1 of the Takeovers Code as a result of the transactions contemplated under the Sale and Purchase Agreement which has been granted by the Executive to Shougang Holding prior to the date of the Sale and Purchase Agreement remaining valid and effective and not having been revoked by the Executive.

None of the conditions can be waived. If any of the conditions is not satisfied on or before the Long Stop Date, the Company or Shougang Holding may (by notice in writing to the other party) terminate the Sale and Purchase Agreement, whereupon the Sale and Purchase Agreement (other than certain surviving provisions) shall terminate with immediate effect and neither party shall have any claim against the other in respect of the Sale and Purchase Agreement save for any rights accrued by the parties prior to termination.

Completion

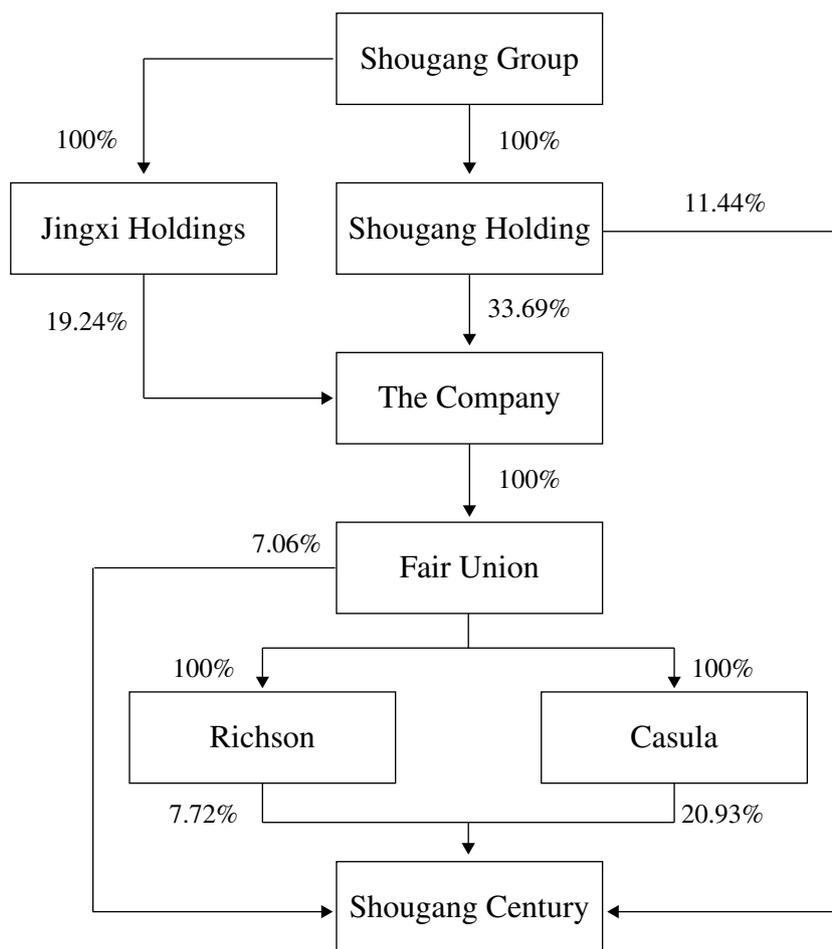
Completion of the Proposed Restructuring will take place on the second business day following the date on which the conditions set out in the Sale and Purchase Agreement have been satisfied or on such other date as may be agreed between the Company and Shougang Holding.

Upon completion of the Proposed Restructuring, the Company will cease to have any shareholding interest in Shougang Century.

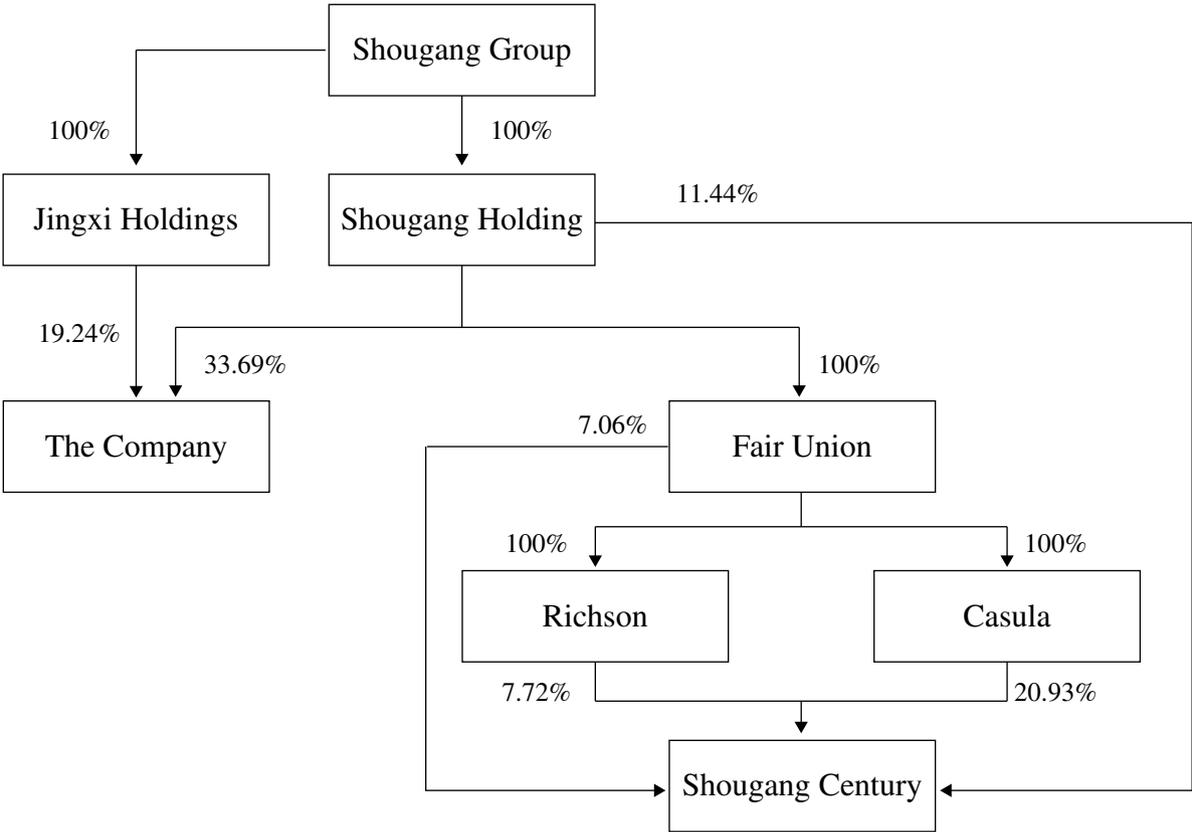
SHAREHOLDING STRUCTURES BEFORE AND AFTER THE COMPLETION OF THE PROPOSED RESTRUCTURING

The simplified shareholding structures of the Company, Fair Union, Casula, Richson and Shougang Century immediately before and after the completion of the Proposed Restructuring are set out below:

Immediately before completion of the Proposed Restructuring



Immediately after completion of the Proposed Restructuring



REASONS FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING

The Proposed Restructuring is a strategic move of the Group to align with the business development strategy of the Group. Since 2018, the Group has been focusing on the management and operations of car parking assets and the management of private funds that are oriented towards urban redevelopment. At the same time, as at the date of this announcement, the Company holds investments in two associates (as defined under the Hong Kong Financial Reporting Standards) whose shares are listed on the Stock Exchange, including Shougang Century. The business development of the Group and the existing business of Shougang Century and its subsidiaries (being the manufacturing of steel cords and processing and trading of copper and brass products) are not complementary from a strategic perspective. The Company’s management considers that the Proposed Restructuring can facilitate the Group with utilising its resources to optimise its principal business structure.

As a result of the Proposed Restructuring, the Group is expected to recognise an unaudited loss of approximately HK\$232,738,296, being the difference between the consideration and the carrying value of the Sale Share held by the Group as at 31 December 2017.

The Group intends to use the proceeds of the Proposed Restructuring for general working capital, existing business expansion and/or for other investment opportunities, as appropriate.

At the Board meeting approving the Sale and Purchase Agreement, the executive Directors, namely Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang and Mr. Liang Hengyi, by virtue of their connection with Shougang Group, have abstained from voting in respect of the resolutions proposed to approve the Proposed Restructuring.

The other Directors (excluding the members of the Independent Board Committee who will form their view after receiving advice from the independent financial adviser) consider that the Sale and Purchase Agreement is on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GRANT OF WAIVER

The Proposed Restructuring may lead to a general offer for the shares of Shougang Century under the Takeovers Code unless otherwise waived by the Executive. As informed by Shougang Holding, (i) Shougang Holding applied to the Executive for a waiver to dispense with its obligation to make a mandatory general offer for the shares of Shougang Century not already owned or agreed to be acquired by it pursuant to Rule 26.1 of the Takeovers Code as a result of the Proposed Restructuring; and (ii) the said waiver was granted by the Executive pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code on 2 November 2018.

INFORMATION ON SHOUGANG CENTURY

Shougang Century is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange. Shougang Century is an investment holding company and its subsidiaries are principally engaged in the manufacturing of steel cord and the processing and trading of copper and brass products.

According to the annual report of Shougang Century for the year ended 31 December 2017, the audited consolidated financial results of Shougang Century and its subsidiaries for the two years ended 31 December 2017 are as follows:

	For the year ended 31 December 2017	For the year ended 31 December 2016
Profit/(loss) before tax	HK\$(75,213,000)	HK\$5,937,000
Profit/(loss) after tax	HK\$(68,518,000)	HK\$10,103,000

According to the interim report of Shougang Century for the six months ended 30 June 2018, as at 30 June 2018, the unaudited consolidated net asset value of Shougang Century and its subsidiaries was approximately HK\$1,370,819,000.

INFORMATION ON FAIR UNION AND SHOUGANG HOLDING

Fair Union is a company incorporated in the British Virgin Islands and subsequently re-domiciled to Samoa and its principal business is investment holding. Fair Union holds, directly and indirectly, approximately 35.71% in aggregate of the entire issued share capital of Shougang Century as at the date of this announcement. Other than this, Fair Union does not have any other investment holding. Fair Union is a wholly-owned subsidiary of the Company.

Shougang Holding is a company incorporated in Hong Kong with limited liability and its principal business is investment holding. Shougang Holding is a controlling shareholder of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Shougang Holding is a connected person of the Company under the Listing Rules by virtue of being a controlling shareholder of the Company. The Proposed Restructuring therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Proposed Restructuring exceed 5% but are less than 25%, the Proposed Restructuring constitutes a discloseable and connected transaction for the Company and is subject to the announcement, reporting and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Proposed Restructuring, the Sale and Purchase Agreement and the transactions contemplated thereunder. Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The GM will be convened for Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Only Independent Shareholders will be entitled to vote at the GM on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Shougang Holding and its associates, which together own and control approximately 52.93% of the issued Shares as at the date of this announcement, will be required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

Completion of the Proposed Restructuring is subject to the satisfaction of the conditions set out in the Sale and Purchase Agreement and the Proposed Restructuring may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

A circular containing, among other things, (i) details of the Proposed Restructuring; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Restructuring, the Sale and Purchase Agreement and the transactions contemplated thereunder; and (iii) a notice convening the GM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 12 December 2018.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Casula”	Casula Investments Limited, a company incorporated with limited liability in the British Virgin Islands and subsequently re-domiciled to Samoa, being an indirect wholly-owned subsidiary of the Company;
“Company”	Shougang Concord International Enterprises Company Limited (stock code: 697), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates;

“Fair Union”	Fair Union Holdings Limited, a company incorporated with limited liability in the British Virgin Islands and subsequently re-domiciled to Samoa, being a wholly-owned subsidiary of the Company;
“GM”	a general meeting to be held by the Company to consider, and if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders on the Proposed Restructuring, the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	shareholders of the Company other than Shougang Holding and its associates;
“Jingxi Holdings”	Jingxi Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Shougang Group and also a substantial shareholder of the Company as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	means the date falling 180 days after the date of the Sale and Purchase Agreement or such other date as may be agreed between the Company and Shougang Holding;

“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Proposed Restructuring”	the proposed restructuring by way of transferring the entire issued share capital of Fair Union held by the Company to Shougang Holding pursuant to the terms and conditions of the Sale and Purchase Agreement, reflecting an indirect transfer of 686,655,179 shares of Shougang Century, representing approximately 35.71% of the entire issued share capital of Shougang Century as at the date of this announcement;
“Richson”	Richson Limited, a company incorporated with limited liability in the British Virgin Islands and subsequently re-domiciled to Samoa, being an indirect wholly-owned subsidiary of the Company;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 November 2018 between the Company and Shougang Holding in relation to the Proposed Restructuring;
“Sale Share”	one ordinary share of Fair Union, representing the entire issued share capital of Fair Union as at the date of this announcement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of the Company;
“Shougang Century”	Shougang Concord Century Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 103) which is indirectly owned as to approximately 35.71% in aggregate by the Company (through Fair Union, Richson and Casula) as at the date of this announcement;
“Shougang Group”	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a state-owned enterprise established in the PRC and a controlling shareholder of the Company;

“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Group and also a controlling shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules; and
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC.

By order of the Board
**Shougang Concord International
Enterprises Company Limited**
Zhao Tianyang
Chairman

Hong Kong, 21 November 2018

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Li Shaofeng (Vice Chairman), Mr. Xu Liang and Mr. Liang Hengyi (Managing Director) as Executive Directors; Dr. Li Yinhui, Mr. Liu Jingwei, Mr. Ho Gilbert Chi Hang and Mr. Li Hao as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao and Ms. Zhang Quanling as Independent Non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The information relating to Shougang Century in this announcement has been extracted from or based on the published information of Shougang Century, including its annual report for the year ended 31 December 2017 and its interim report for the six months ended 30 June 2018. The only responsibility accepted by the Directors in respect of such information is for the correctness and fairness of its reproduction or presentation.

* *for identification purpose only*