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首長四方（集團）有限公司*
SHOUGANG CONCORD GRAND (GROUP) LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 730)

- (1) MAJOR AND CONNECTED TRANSACTION**
– ACQUISITION OF 43.62% OF A FACTORING SERVICES COMPANY;
(2) DISCLOSEABLE AND CONNECTED TRANSACTION
– ACQUISITION OF 85.7143% OF A SUPPLY CHAIN FINANCIAL
CONSULTING AND ENTERPRISE MANAGEMENT
FINANCING SERVICES COMPANY;
(3) MAJOR AND CONNECTED TRANSACTION
– CAPITAL INCREASE;
AND
(4) RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR
EVERY TWO EXISTING SHARES HELD ON THE
RECORD DATE AT HK\$0.187 PER RIGHTS SHARE

Underwriter to the Rights Issue



THE TRANSACTIONS

On 13 June 2018, the Group entered into the following transactions:

- the First Transaction, where the First Purchaser, a wholly-owned subsidiary of the Company, entered into the First Share Sale Agreement with the First Seller and the First Target Company pursuant to which the First Purchaser agreed to purchase the First Sale Shares from the First Seller for RMB75,262,645.50. The First Sale Shares represents 43.62% of the equity interest in the First Target Company.

- the Second Transaction, where the Second Purchaser, a wholly-owned subsidiary of the Company, entered into the Second Share Sale Agreement with the Second Seller and the Second Target Company pursuant to which the Second Purchaser agreed to purchase the Second Sale Shares from the Second Seller for RMB1,500,000. The Second Sale Shares represents 85.7143% of the equity interest in the Second Target Company. Under the terms of the Second Share Sale Agreement, the Second Purchaser will be responsible for the outstanding capital contribution obligation to the Second Sale Shares in the amount of RMB58,500,000.
- the Third Transaction, under which Gold Cosmos, a wholly-owned subsidiary of the Company, agreed to contribute additional capital in the amount of RMB200,000,000 to the registered capital of the Third Target Company and thereby increasing its shareholding in the Third Target Company from 10% to 70%.

LISTING RULES IMPLICATIONS

Chapter 14

(1) The First Transaction

As the applicable ratios in respect of the First Transaction are more than 25% and less than 100%, the First Transaction constitutes a major transaction for the Company which is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(2) The Second Transaction

As the applicable percentage ratios in respect of the Second Transaction are more than 5% but less than 25%, the Second Transaction constitutes a discloseable transaction for the Company which is subject to the announcement requirement under Chapter 14 of the Listing Rules.

(3) The Third Transaction

As the applicable percentage ratios in respect of the Third Transaction are more than 25% but less than 100%, the Third Transaction constitutes a major transaction for the Company which is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Chapter 14A

(1) The First Transaction

The First Seller is controlled by Shougang Fund. Shougang Fund is a wholly-owned subsidiary of Shougang Group, the holding company of Shougang Holding. Shougang Holding is the controlling shareholder of the Company. Accordingly, the First Transaction constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the First Transaction are more than 5%, the First Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) The Second Transaction

The Second Seller is a subsidiary of Shougang International. Shougang International is a subsidiary of Shougang Holding. Shougang Holding is the controlling shareholder of the Company. Accordingly, the Second Transaction constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Second Transaction are more than 5%, the Second Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) The Third Transaction

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group is the holding company of Shougang Holding, which is in turn the controlling shareholder of the Company. Accordingly, the Third Transaction constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Third Transaction are more than 5%, the Third Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

RIGHTS ISSUE

The Company proposes to raise approximately HK\$249.8 million before expenses by issuing not less than 1,336,096,234 new Shares to the Qualifying Shareholders by way of the Rights Issue at a price of HK\$0.187 per Rights Share on the basis of one Rights Share for every two existing Shares held on the Record Date.

The estimated net proceeds of the Rights Issue will be approximately HK\$238.9 million. The Company intends to apply the net proceeds from the Rights Issue to finance part of the consideration for the Transactions, with any shortfall to be financed by bank financing and/or internal resources of the Group.

As at the date of this announcement, 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.

GENERAL

The Company will convene the SGM to seek, among other things, the approval of the Independent Shareholders for the Transactions.

An independent board committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders as to whether the terms of the Transactions are fair and reasonable and as to voting in respect thereof at the SGM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the Transactions; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Transactions; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Transactions; and (iv) the notice convening the SGM, will be despatched to the Shareholders on or before 30 June 2018.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors should note that the Transactions and the Rights Issue are subject to the satisfaction of the conditions precedent or waiver thereof (if applicable). Accordingly, each of the Transactions and the Rights Issue may or may not proceed.

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions are not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 19 July 2018. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 1 August 2018 to Wednesday, 8 August 2018 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person 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 or in the nil-paid Rights Shares up to the date on which the conditions to the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

1. THE TRANSACTIONS

(1) The First Transaction – Acquisition of 43.62% in the First Target Company

On 13 June 2018, the First Purchaser, a wholly-owned subsidiary of the Company, entered into the First Share Sale Agreement with the First Seller and the First Target Company in respect of the First Transaction. The principal terms of the First Transaction are set out below.

Subject matter

The First Purchaser will acquire from the First Seller the First Sale Shares. The First Sale Shares represent 43.62% of the equity capital of the First Target Company.

Consideration

The consideration for the acquisition of the First Sale Shares is RMB 75,262,645.50 (equivalent to approximately HK\$92,227,596), which was determined with reference to the valuation of the First Sale Shares as at 31 March 2018 based on the market approach in the amount of RMB88,901,000 (before distribution of the profits attributable to the First Sale Shares up to 31 December 2017 to the First Seller) as determined by a qualified independent valuer.

The consideration will be payable by the First Purchaser in one lump sum within sixty business days from the second day of the completion of the First Share Sale Agreement, and in any case shall not be later than 31 December 2018.

Conditions precedent

Completion of the First Transaction is conditional upon:

- (a) the parties having obtained the approvals of their supervisory organisations (including its board of directors, shareholders and/or administration authority) on the execution of the First Share Sale Agreement and completing the transactions thereunder;
- (b) the other shareholders of the First Target Company (other than the First Seller) having agreed in writing to waive their pre-emptive right on the First Sale Shares and consent to the transactions contemplated under the First Share Sale Agreement;
- (c) the transactions contemplated under the First Share Sale Agreement having been approved by the relevant competent approval authorities (including, without limitation, the State Assets Administration Commission and the supervisory authority for the factoring business);

- (d) the Independent Shareholders having approved the First Share Sale Agreement and the transactions contemplated thereunder at the SGM in compliance with the requirements of the Listing Rules; and
- (e) the Company having completed the Rights Issue and the proceeds from the Rights Issue having been received.

If the conditions to the First Share Sale Agreement are not fulfilled or waived on or before 31 December 2018, or such other date as may be agreed by the parties, the First Share Sale Agreement will terminate and cease to be of further effect.

Information on the First Target Company

The First Target Company is a limited liability company established in the PRC in April 2014. It is principally engaged in the provision of business factoring services in the PRC. Its business focus is on the steel industry. The registered capital of the First Target Company is RMB109,680,204.76 and the shareholding structure of the First Target Company before and after the First Transaction is set out as follows:

Shareholder	Equity interest held prior to the First Transaction	Equity interest held after completion of the First Transaction <i>(Note)</i>
the First Seller	44.68%	1.05%
the First Purchaser	–	43.62%
北京澳達天翼投資有限公司 (Beijing Aoda Tianyi Investment Co., Ltd.*)	32.82%	32.82%
北京京西創業投資基金管理有限公司 (Beijing Jingxi Venture Capital Fund Management Co., Ltd.*)	13.68%	13.68%
啟潤(天津)企業管理諮詢合夥企業 (有限合夥)(Qirun (Tianjin) Enterprise Management Consulting LLP*)	8.83%	8.83%
Total	<u>100.00%</u>	<u>100.00%</u>

Note: As at the date of the First Share Sale Agreement, 上海找鋼網信息科技股份有限公司 (Shanghai Find Steel Network Information Technology Co., Ltd.*) and 郭明社 (Mr. Guo Mingshe*) have contributed in aggregated RMB5,849,610.92 to the registered capital of the First Target Company. Such contributions are still in the process of being registered with the Administrative Bureau for Industry and Commerce. If these contributions have been registered at the time of completion, the First Sale Shares will represent approximately 41.41% of the registered capital of the First Target Company.

Beijing Jingxi Venture Capital Fund Management Co., Ltd. is 60% owned by Shougang Fund.

Save for the First Seller and Beijing Jingxi Venture Capital Fund Management Co., Ltd., each of the other shareholders in the First Target Company is independent of and not connected with the Company and its connected person.

The First Seller was one of the original shareholders in establishing the First Target Company and has contributed capital in the amount of RMB49 million to the registered capital of the First Target Company.

The audited financial information of the First Target Company for the two years ended 31 December 2016 and 2017 prepared in accordance with the PRC generally acceptable accounting principles is set out below:

	For the year ended 31 December	
	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	21,053.24	14,885.33
Profit after taxation	15,652.58	11,004.82

As at 31 December 2017, the net asset value of the First Target Company was RMB147,561,034.72.

Pursuant to the terms of the First Share Sale Agreement, the undistributed profits of the First Target Company up to 31 December 2017 in the amount of RMB20,690,000 will be distributed to the current shareholders in accordance with their respective equity interest in the First Target Company as at the date of the signing of the First Share Sale Agreement.

Upon completion, the Company will hold 43.62% equity interest in the First Target Company and the First Target Company will be accounted as an associate of the Company. The results and assets and liabilities of the First Target Company will be incorporated in the Group's consolidated financial statements using the equity method of accounting and base on uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

(2) The Second Transaction – Acquisition of 85.7143% interest in the Second Target Company

On 13 June 2018, the Second Purchaser entered into the Second Share Sale Agreement with the Second Seller and the Second Target Company in respect of the Second Transaction. The principal terms of the Second Share Sale Agreement are set out below.

Subject matter

The Second Purchaser will acquire from the Second Seller the Second Sale Shares. The Second Sale Shares represent 85.7143% of the equity capital of Second Target Company.

Under the terms of the Second Share Sale Agreement, the Second Purchaser will be responsible for the outstanding capital contribution obligation to the Second Sale Shares in the amount of RMB58,500,000.

Consideration

The consideration for the acquisition of the Second Sale Shares is RMB 1,500,000 (equivalent to approximately HK\$1,838,115), which was determined with reference to the valuation of the Second Sale Shares in the amount of RMB1,500,000 as at 30 April 2018 based on the asset approach as determined by a qualified independent valuer.

The consideration will be payable by the Second Purchaser in one lump sum within sixty business days from the second day of the completion of the Second Share Sale Agreement, and in any case shall not be later than 31 December 2018.

Conditions precedent

Completion of the Second Transaction is conditional upon:

- (a) the parties having obtained the approvals of their supervisory organisations (including its board of directors, shareholders and/or administration authority) on the execution of the Second Share Sale Agreement and completing the transactions thereunder;
- (b) the other shareholders of the Second Target Company (other than the Second Seller) having agreed in writing to waive their pre-emptive right on the Second Sale Shares and consent to the transactions contemplated under the Second Share Sale Agreement;

- (c) the Second Seller and the Second Target Company having entered into an agreement with 華融鼎立投資管理有限公司 (Huarong Dingli Investment Management Co., Ltd.*) (“**Huarong Dingli**”) in respect of the termination of the Previous Capital Increase;
- (d) the transactions contemplated under the Second Share Sale Agreement having received approval from the State Assets Administration Commission;
- (e) the Independent Shareholders having approved the Second Share Sale Agreement and the transactions contemplated thereunder at the SGM in compliance with the requirements of the Listing Rules; and
- (f) the Company having completed the Rights Issue and the proceeds from the Rights Issue having been received.

Information on the Second Target Company

The Second Target Company is a limited liability company established in the PRC in November 2017. It is principally engaged in the provision of supply chain financial consulting services and enterprise management services.

The registered capital of the Second Target Company is RMB70,000,000.

On 9 February 2018, the Second Seller and the Second Target Company have entered into a capital increase agreement with Huarong Dingli pursuant to which Huarong Dingli has agreed to contribute further capital of RMB30,000,000 to the Second Target Company (the “**Previous Capital Increase**”). Such transaction was not completed and the parties entered into an agreement on 9 May 2018 to terminate the agreement for the Previous Capital Increase.

The shareholding structure of the Second Target Company before and after the Second Transaction is as follows:

Shareholder	Equity interest held prior to the Second Transaction	Equity interest held after completion of the Second Transaction
the Second Seller	85.7143%	–
the Second Purchaser	–	85.7143%
北京協同創新控股有限公司 (Beijing Xietiong Innovation Holdings Co., Ltd.*)	13.2857%	13.2857%
Success Yiu Company Limited	1.0000%	1.0000%
Total	<u>100.00%</u>	<u>100.00%</u>

Save for the Second Seller, each of the other shareholders of the Second Target Company is independent of and not connected with the Company and its connected persons.

The Second Seller was one of the original shareholders in establishing the Second Target Company. As at the date of this announcement, the Second Seller has contributed capital in the amount of RMB1,500,000 to the registered capital of the Second Target Company.

The Second Target Company has not commenced business operation and has had no turnover and profits for the year ended 31 December 2017.

According to the management accounts of Second Target Company, the unaudited net asset value of the Second Target Company as at 30 April 2018 was approximately RMB1.75 million.

Upon completion, the Second Target Company will become a non-wholly owned subsidiary of the Company and the financial results of the Second Target Company will be consolidated with the results of the Group.

(3) The Third Transaction

Reference is made to the announcements of the Company dated 12 April 2018 and 19 April 2018 respectively in relation to the establishment of the Third Target Company.

On 13 June 2018, Gold Cosmos, a wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with Shougang Fund and the Third Target Company for Gold Cosmos to contribute additional capital to the Third Target Company. The principal terms of the Capital Increase Agreement are set out below.

Subject matter

Gold Cosmos will contribute an amount of RMB200,000,000 as additional capital to the Third Target Company. The amount of additional capital to be contributed to the Third Target Company was determined by the parties with reference to the expected capital requirement of the Third Target Company.

The additional capital will be contributed by Gold Cosmos before 31 December 2018.

Conditions precedent

Completion of the Third Transaction is conditional upon:

- (a) the parties having obtained the approvals of their supervisory organisations (including its board of directors, shareholders and/or administration authority) on the execution of the Capital Increase Agreement and completing the transactions thereunder;
- (b) the transactions contemplated under the Capital Increase Agreement having been approved by the State Assets Administration Commission (if required);
- (c) the Independent Shareholders having approved at the SGM the Capital Increase Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules; and
- (d) the Company having completed the Rights Issue and the proceeds from the Rights Issue having been received.

If the conditions to the Capital Increase Agreement are not fulfilled or waived on or before 31 December 2018, or such other date as may be agreed by the parties, the Capital Increase Agreement will terminate and cease to be of further effect.

Information on the Third Target Company

The Third Target Company is a limited liability company established in the PRC in April 2018. It is principally engaged in the business of supply chain financial management services. The Third Target Company is currently held as to 10% by Gold Cosmos and as to 90% by Shougang Fund. Upon completion of the Third Transaction, the Third Target Company will be held as to 70% by Gold Cosmos and as to 30% by Shougang Fund.

Upon completion of the Third Transaction, the Third Target Company will be accounted as a non-wholly owned subsidiary of the Group and its results will be consolidated with the financial results of the Group.

(4) Reasons for the Transactions

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial services and property investment and management.

As noted in the Company's annual report for the year ended 31 December 2017, the Group will explore new business model and will focus on developing innovative financial services. The Transactions are being carried out pursuant to such strategy.

(a) The First Transaction

The ability to have access to capital is critical to the operation of small and medium enterprises. However, access to borrowings from banks have proven to be difficult to most enterprises in the PRC and thus created a ready demand for factoring. According to a report released by Glorint Capital, there were 3,255 commercial factoring firms in the PRC as at the end of 2016, with total financing volume of around RMB 500 billion, which represented a year-on-year growth rate of 150%. With the First Transaction, coupled with the Group's knowledge of the steel industry and accessibility to bank financing and capital markets, the First Target Company is in a prime position to serve the funding needs of small and medium enterprises, particularly those in the steel industry. The revenue to be generated from fees and interest income from such services by the First Target Company will provide an additional income stream to the Group in the form of share of profit from an associate company.

(b) *The Second Transaction*

The rapid growth of the PRC private equity industry provides a catalyst for the Group to expand its financial service business. According to a report released by Zero2IPO Research in February 2018, the industry has been growing considerably and there are now over 13,000 private equity and venture capital firms in the PRC, with over RMB8,700 billion of assets under management. In 2016, there were over 3,500 RMB-denominated private equity fund established, reaching a historical record for fund raised of approximately RMB1,789 billion. The Company believes that with the Second Transaction, together with the experience and network of the Second Target Company's management team, provides the Group a rapid entry into the industry. The return to be generated from the expected provision of referral and corporate finance advisory services and acting as general partners of private equity funds will provide a diversified revenue stream to the Group.

(c) *The Third Transaction*

The Board believes that the added investment in the Third Target Company would allow the Third Target Company to develop more swiftly in the fast growing supply chain finance business in the PRC and, in turn, would further enlarge its return on investment.

The Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) expect that the Transactions will allow the Group to gain immediate access and scale to the factoring business and fund management business, coupled with the existing business platform of the First Seller and the Second Target Company, the Transactions would help the Group to avoid the risks associated with start-ups and provides the Group with income. The Transactions is also a critical step to meet the objective of enlarging the Group's financial service scale.

The Directors (other than Mr. Xu Liang and Mr. Liu Dongsheng who are considered to be interested in the Transactions and have abstained from voting and the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) consider that the terms of each of the agreements under the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. POSSIBLE CONTINUING CONNECTED TRANSACTIONS

It is expected that the Second Target Company and the Third Target Company will carry out transactions with the subsidiaries and associates of Shougang Group in their normal course of business upon completion of the Transactions. Such transactions will constitute continuing connected transactions of the Group. The Company will comply with the requirements of the Listing Rules as and when master agreements in relation to such continuing connected transactions are entered into.

3. THE RIGHTS ISSUE

(1) The Underwriting Agreement

On 13 June 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
Underwriter:	VMS Securities Limited
Number of Underwritten Shares:	Not less than 660,850,577 Rights Shares (assuming none of the Share Options have been exercised before the Record Date) and no more than 662,960,577 Rights Shares (assuming full exercise of all outstanding Share Options before the Record Date), 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
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: The obligations of the Underwriter are conditional upon the satisfaction of the following conditions:

- (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;
- (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.

Termination:

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.

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.

(2) Issue statistics

Basis of the Rights Issue:	One Rights Share for every two existing Shares held on the Record Date
Subscription Price:	HK\$0.187 per Rights Share
Number of Shares in issue as at the date of this announcement:	2,672,192,469 Shares
Number of Rights Shares to be issued under the Rights Issue:	Not less than 1,336,096,234 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date and no new Shares are allotted and issued pursuant to any exercise of the share options on or before the Record Date) and no more than 1,338,206,234 Rights Shares (assuming full exercise of all outstanding Share Options before the Record Date)
Number of Rights Shares underwritten by the Underwriter:	Not less than 660,850,577 Rights Shares (assuming none of the Share Options have been exercised before the Record Date) and no more than 662,960,577 Rights Shares (assuming full exercise of all outstanding Share Options before the Record Date), 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
Minimum enlarged issued share capital of the Company immediately upon completion of the Rights Issue:	4,008,288,703 Shares (assuming no new Shares (other than the Rights Shares) are issued and allotted on or before completion of the Rights Issue)
Maximum enlarged issued share capital of the Company immediately upon completion of the Rights Issue:	4,014,618,703 Shares (assuming new Shares are allotted and issued pursuant to the full exercise of the outstanding Share Options of the Company on or before the Record Date and no other Shares (other than the Rights Shares) are issued and allotted on or before the completion of the Rights Issue)

Subscription Price: HK\$0.187 per Rights Share

Amount to be raised: approximately HK\$249.8 million before expenses

As at the date of this announcement, the Company has 4,220,000 outstanding Share Options under the share option scheme of the Company adopted on 7 June 2002. Save for such outstanding Share Options, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Assuming that no outstanding share options of the Company have been exercised before the Record Date and there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date and, 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 date of this announcement; 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.

Assuming that all of the outstanding share options of the Company have been exercised before the Record Date and there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date and, 1,338,206,234 Rights Shares that will be allotted and issued pursuant to the Rights Issue represent (1) approximately 50.08% of the Company's total number of Shares in issue as at the date of this announcement; and (2) approximately 33.33% of the Company's total number of Shares in issue as enlarged by the allotment and issue of the 1,338,206,234 Rights Shares immediately after completion of the Rights Issue.

(3) 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.

(4) Qualifying Shareholders

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and, to the extent permitted under the relevant laws and regulations and reasonably practicable, (ii) the Prospectus (subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted), for information only, to the Non-Qualifying Shareholders, but will not send any PAL or EAF to the Non-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.

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, 20 July 2018.

(5) Closure of register of members for the Rights Issue

The Company's register of members will be closed for the purpose of determining the eligibility of the Qualifying Shareholders for the Rights Issue, from Monday, 23 July 2018 to Friday, 27 July 2018 (both dates inclusive). No transfer of Shares will be registered during this book closure period.

(6) Subscription Price

The Subscription Price of HK\$0.187 per Right 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 2.09% to the closing price of HK\$0.191 per Share as quoted on the Stock Exchange on the Last Trading Day, which is also the date of the Underwriting Agreement;
- (b) a discount of approximately 2.20% to the average closing price of HK\$0.191 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 3.38% to the average closing price of HK\$0.194 per Share as quoted on the Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day;

- (d) a discount of approximately 1.41% to the theoretical ex-entitlement price of HK\$0.190 per Share, based on the closing price of HK\$0.191 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (e) a discount of approximately 61.0% 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.

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. 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\$0.179.

(7) 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.

In compliance with the necessary requirements of Rule 13.36(2) of the Listing Rules, the Company will make enquiries with its legal advisers in the relevant jurisdictions regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on such legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders due to either the legal restrictions of the relevant jurisdiction or the applicable requirements of the relevant regulatory body or stock exchange in that place or it is not reasonably practicable to do so, the Rights Issue will not be available to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

Further information in this connection will be set out in the Prospectus Documents to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no PAL and EAF will be sent to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefits of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

(8) Ranking of the Rights Shares

The Rights Shares, when allotted, issued 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 after the date of allotment of the Rights Shares in their fully-paid form.

(9) 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.

(10) Application for the Rights Shares

The PAL in respect of the entitlement of the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form and lodging the same with a remittance for the Rights Shares being taken up with the Registrar by the Latest Time for Acceptance.

(11) 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.

Application for excess Rights Shares can be made only by Qualifying Shareholders and only by completing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the Latest Time for Acceptance or such later time as may be agreed between the Company and the Underwriter.

Any excess Rights Shares will, at the discretion of the Directors, be allocated and allotted on a fair and reasonable basis and as far as practicable on a pro-rata basis by reference to the number of excess Rights Shares applied for under each application. 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.

(12) Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk. If the Rights Issue is terminated, refund cheques will be despatched by ordinary post at the respective Shareholders' own risk.

(13) Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares.

Subject to the granting of the 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 dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second 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.

Rights Shares will be traded in board lots of 1,000 Shares.

Dealings in the Rights Shares which are registered in the register of members of the Company in Hong Kong 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.

(14) Expected Timetable

The expected timetable for the Rights Issue is set out below:

Latest time for lodging transfers of Shares to qualify for attendance at the SGM.	4:30 p.m. on Wednesday, 11 July 2018
Register of members closes (both dates inclusive)	Thursday, 12 July 2018 to Tuesday, 17 July 2018
Latest time for lodging proxy form for the SGM	11:00 a.m. on Sunday, 15 July 2018
Date of SGM.	11:00 a.m. on Tuesday, 17 July 2018
Announcement of poll results of SGM	Tuesday, 17 July 2018
Last day of dealings in the Shares on a cum-rights basis.	Wednesday, 18 July 2018
Commencement of dealings in the Shares on an ex-rights basis	Thursday, 19 July 2018

Latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 20 July 2018
Closure of the register of members of the Company for determining entitlements under the Rights Issue (both days inclusive)	Monday, 23 July 2018 to Friday, 27 July 2018
Record Date for determining entitlements under the Rights Issue	Friday, 27 July 2018
Register of members of the Company re-opens.	Monday, 30 July 2018
Despatch of the Prospectus Documents	Monday, 30 July 2018
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Wednesday, 1 August 2018
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 3 August 2018
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 8 August 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 Monday, 13 August 2018
Latest time for the termination of the Underwriting Agreement and the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 14 August 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	Monday, 20 August 2018
Despatch of certificates for fully-paid Rights Shares and refund cheques on or around	Tuesday, 21 August 2018

Expected first day of dealings in fully-paid

Rights Shares on the Stock Exchange 9:00 a.m. on Wednesday,
22 August 2018

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be varied by agreement between the Company and the Underwriter.

If there is any postponements of the SGM or any special circumstances arise, the Board may extend, or make adjustment to, the expected timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares

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.

(15) No Shareholders' approval is required for the Rights Issue

As the proposed Rights Issue would not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders in a general meeting in accordance with Rule 7.19(6)(a) of the Listing Rules.

(16) Use of proceeds

The minimum gross proceeds from the Rights Issue will be approximately HK\$249.8 million. The net proceeds from the Rights Issue after deducting all relevant expenses are estimated to be approximately HK\$238.9 million.

The Company intends to apply the proceeds from the Rights Issue for the satisfaction of part of the consideration for the Transactions, with the shortfall to be financed by bank financing and/or internal resources of the Group.

(17) Effects on the shareholding structure of the Company

For illustration purpose only, set out below is the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue:

(a) Assuming none of the outstanding Share Options have been exercised:

Shareholders	As at the date of this announcement		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	<u>2,672,192,469</u>	<u>100.00</u>	<u>4,008,288,703</u>	<u>100.00</u>	<u>4,008,288,703</u>	<u>100.00</u>

(b) Assuming all of the outstanding Share Options have been exercised:

Shareholders	As at the date of this announcement		Upon completion of the Rights Issue (assuming that none of the Rights Shares are subscribed for by the Qualifying Shareholders)			
	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 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)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Shougang Holding and its associates	1,350,491,315	50.46	2,025,736,972	50.46	2,025,736,972	50.46
Underwriter	0	0	0	0	662,960,577	16.51
Other shareholders	1,325,921,154	49.54	1,988,881,731	49.54	1,325,921,154	33.03
Total	2,676,412,469	100.00	4,014,618,703	100.00	4,014,618,703	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.

(18) Potential dilution effect

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

(19) Possible adjustment 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.

(20) Equity fund raising activities of the Company in the past twelve months

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

(21) Reasons for the Rights Issue

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.

4. IMPLICATIONS UNDER THE LISTING RULES

Chapter 14

(1) The First Transaction

As the applicable ratios in respect of the First Transaction are more than 25% and less than 100%, the First Transaction constitutes a major transaction for the Company which is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(2) The Second Transaction

As the applicable percentage ratios in respect of the Second Transaction are more than 5% but less than 25%, the Second Transaction constitutes a discloseable transaction for the Company which is subject to the announcement requirement under Chapter 14 of the Listing Rules.

(3) The Third Transaction

As the applicable percentage ratios in respect of the Third Transaction are more than 25% but less than 100%, the Third Transaction constitutes a major transaction for the Company which is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Chapter 14A

(1) The First Transaction

The First Seller is controlled by Shougang Fund. Shougang Fund is a wholly-owned subsidiary of Shougang Group, the holding company of Shougang Holding. Shougang Holding is the controlling shareholder of the Company. Accordingly, the First Transaction constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the First Transaction are more than 5%, the First Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) The Second Transaction

The Second Seller is a subsidiary of Shougang International. Shougang International is a subsidiary of Shougang Holding. Shougang Holding is the controlling shareholder of the Company. Accordingly, the Second Transaction constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Second Transaction are more than 5%, the Second Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) The Third Transaction

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group is the holding company of Shougang Holding, which is in turn the controlling shareholder of the Company. Accordingly, the Third Transaction constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Third Transaction are more than 5%, the Third Transaction is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. GENERAL

An independent board committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders as to whether the terms of the Transactions are fair and reasonable and as to voting in respect thereof at the SGM. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the Transactions; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Transactions; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Transactions; and (iv) the notice convening the SGM, will be despatched to the Shareholders on or before 30 June 2018.

Shareholders and potential investors should note that the Transactions are subject to the satisfaction of the conditions precedent or waiver thereof. Accordingly, the Transactions may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

6. WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS

Shareholders and potential investors should note that the Transactions and the Rights Issue are subject to the satisfaction of the conditions precedent or waiver thereof (if applicable). Accordingly, each of the Transactions and the Rights Issue may or may not proceed.

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions are not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 19 July 2018. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 1 August 2018 to Wednesday, 8 August 2018 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any person 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 or in the nil-paid Rights Shares up to the date on which the conditions to the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

7. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the following meanings:

“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 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) to be issued to the Qualifying Shareholders in respect of applications for excess Rights Shares;

“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 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”	43.62% of the equity interest in the First Target Company；
“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；
“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 PRC；
“Independent Shareholders”	any Shareholder other than Shougang Group and its associates；
“Last Trading Day”	Wednesday, 13 June 2018, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement；

“Latest Time for Acceptance”	4:00 p.m. on Monday, 13 August 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 Tuesday, 14 August 2018, or such other time and/or date 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, 20 July 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”	30 September 2018, or such date as agreed between the Underwriter and the Company;
“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 announcement, will exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China;

“Prospectus”	the document containing details of the Rights Issue to be despatched to the Qualifying Shareholders;
“Prospectus Documents”	the Prospectus, the PAL and the EAF;
“Prospectus Posting Date”	Monday, 30 July 2018, or such other date as may be agreed between the Underwriters and the Company for the despatch of the Prospectus Documents;
“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, 27 July 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 proposed 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”	not less than 1,336,096,234 new Shares and not more than 1,338,206,234 new Shares to be allotted and issued pursuant to the Rights Issue;
“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;
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Transactions;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	the holder(s) of Shares;
“Share Options”	the option to subscribe for Shares granted under the share option scheme of the Company adopted on 7 June 2002;
“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;
“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\$0.187 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;
“Underwriting Agreement”	the underwriting agreement dated 13 June 2018 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue;
“Underwritten Shares”	being 660,850,577 Rights Shares, or, if all outstanding Share Options are exercised, 662,960,577 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.

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

Hong Kong, 13 June 2018

As at the date of this announcement, the board of directors of the Company comprises Mr. Xu Liang (Chairman); Mr. Liu Dongsheng (Managing Director); Mr. Huang Donglin (Non-executive Director); Mr. Tam King Ching, Kenny (Independent Non-executive Director); Mr. Yip Kin Man, Raymond (Independent Non-executive Director); Mr. Fei Jianjiang (Independent Non-executive Director) and Mr. Wan Siu Wah, Wilson (Independent Non-executive Director).

* For identification purpose only

The exchange rate of HK\$1.00 = RMB0.8161 adopted in this announcement is for illustration purposes only. Such conversion should not be construed as a representation that RMB could actually be converted into HK\$ at that rate or at all.