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## **SHOUGANG CONCORD CENTURY HOLDINGS LIMITED** **首長寶佳集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

### **PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT TO ELIMINATE ACCUMULATED LOSS**

The Board intends to put forward to the Shareholders a proposal to reduce the share premium account of the Company. As at 31 December 2001, the amount standing to the credit of the share premium account of the Company was approximately HK\$357,000,000 and the Accumulated Loss of the Company as at 31 December 2001 was HK\$149,098,345.19. It is proposed that the amount standing to the credit of the share premium account of the Company be reduced by the sum of HK\$149,098,345.19 and the same amount of credit arising from such reduction be applied towards the elimination of the Accumulated Loss.

The Share Premium Reduction is conditional upon the conditions as more particularly set out in the paragraph headed "Conditions of the Share Premium Reduction" below.

A circular containing, amongst other matters, further information in relation to the Share Premium Reduction and a notice of the EGM will be despatched to the Shareholders as soon as practicable.

#### **INTRODUCTION**

The Board intends to put forward to the Shareholders a proposal to reduce the share premium account of the Company.

The Board believes that the Share Premium Reduction is in the best interests of the Company and the Shareholders.

#### **REASONS FOR THE SHARE PREMIUM REDUCTION**

As at 31 December 2001, the amount standing to the credit of the share premium account of the Company was approximately HK\$357,000,000 and the Accumulated Loss as at 31 December 2001 was HK\$149,098,345.19. It is proposed that the amount standing to the credit of the share premium account of the Company be reduced by the sum of HK\$149,098,345.19 and the same amount of credit arising from such reduction be applied towards the elimination of the Accumulated Loss.

It is expected that after the elimination of the Accumulated Loss, the Company will be in a position to consider to make distribution to its Shareholders from its future profits. However, the Company at present does not have any intention to make any distribution.

## **EFFECTS OF THE SHARE PREMIUM REDUCTION**

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that implementation of the Share Premium Reduction will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the underlying assets of the Group.

## **CONDITIONS OF THE SHARE PREMIUM REDUCTION**

The Share Premium Reduction is conditional upon:

- (a) the passing of a special resolution to approve the Share Premium Reduction at the EGM;
- (b) the Court making an order confirming the Share Premium Reduction (the “Order”) pursuant to Section 60 of the Companies Ordinance; and
- (c) the registration by the Registrar of Companies of Hong Kong of an office copy of the Order together with such other documents as may be required pursuant to Section 61 of the Companies Ordinance.

Assuming the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective immediately following the registration of the Order together with such other documents as may be required.

The Company has been advised by its legal advisers that the time required for the grant of the Order is dependent upon the Court’s availability for the necessary hearing dates which cannot be fixed until after the passing of the special resolution to approve the Share Premium Reduction. It is therefore not possible at this stage to ascertain the date on which the Court hearing of the petition for the confirmation by the Court of the Share Premium Reduction will take place.

Further announcements will be made by the Company to inform the Shareholders of the result of the Court hearing and the effective date of the Share Premium Reduction.

## **GENERAL**

A circular containing, amongst other matters, further information in relation to the Share Premium Reduction and a notice of the EGM will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

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| “Accumulated Loss” | an amount of HK\$149,098,345.19, being the audited accumulated loss of the Company as at 31 December 2001;   |
| “Board”            | the board of directors of the Company;   |
| “Company”          | Shougang Concord Century Holdings Limited (首長寶佳集團有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange; |

“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
“Court”	the High Court of Hong Kong;
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of approving the Share Premium Reduction;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Share Premium Reduction”	the proposed reduction of the share premium account of the Company as set out in this announcement;
“Shares”	shares of HK\$0.10 each in the capital of the Company;
“Shareholders”	holders of Shares; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**Tong Yihui**  
*Managing Director*

Hong Kong, 4 December 2002