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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)*

**(Stock Code: 103)**

## **DISCLOSEABLE TRANSACTION CONSTRUCTION CONTRACT**

### **CONSTRUCTION CONTRACT**

The Board is pleased to announce that on 18 November 2019, TESC, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with Shandong Chengjian, pursuant to which Shandong Chengjian agreed to provide construction services to TESC at a total contract price of RMB54,396,000 (equivalent to approximately HK\$60,651,540).

### **IMPLICATION UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Contract exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 18 November 2019, TESC, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with Shandong Chengjian, pursuant to which Shandong Chengjian agreed to provide construction services to TESC.

## CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are set out below:

Date: 18 November 2019

Parties: (i) TESC; and  
(ii) Shandong Chengjian

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:

- (i) according to public information, as at the date of this announcement, the ultimate controlling shareholder of Shandong Chengjian is Sun Yizhu\* (孫貽祝), being a PRC merchant;
- (ii) the principal business of Shandong Chengjian includes general contracting of construction projects, decoration and engineering and technical consultation, etc; and
- (iii) as at the date of this announcement, Shandong Chengjian and its ultimate beneficial owners are Independent Third Parties.

Scope of construction services:

The construction of factory plant and ancillary facilities for TESC Phase II Project located at 1 Dong Fang Road, Tengzhou Economic Development Zone, Shandong Province with the total construction area of 28,944 square metres.

Contract schedule:

Date of commencement: 20 November 2019

Date of completion: 20 April 2020

Total contract price: RMB54,396,000 (equivalent to approximately HK\$60,651,540), which shall be paid by TESC to Shandong Chengjian by bank acceptance bills in the following manner:

- (i) 35% of the total contract price to be paid as prepayment when the Construction Contract is signed;
- (ii) within 14 days after confirmation of quantum of completed work, TESC shall pay Shandong Chengjian progress payment (settle with deduction from prepayment);
- (iii) up to 85% of the total contract price shall be paid within 1 month after completion of construction project and passing of quality check of the construction project; and
- (iv) up to 100% of the consideration shall be paid within 6 months after completion of construction project and passing of quality check of the construction project.

The total contract price was determined after arm's length negotiations between the parties. The total contract price will be funded by the proceeds of the issuance of Convertible Bonds issued on 11 February 2019.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT**

The Group is principally engaged in (i) manufacturing of steel cords for radial tyres and (ii) manufacturing of sawing wires.

The entering into the Construction Contract is for the construction of the factory plant and ancillary facilities for TESC Phase II Project, which will enhance the efficiency of production for both JESC and TESC, and will thereby expect to bring positive impact on the performance of the steel cord segment of the Company.

The Directors consider that the terms of the Construction Contract are on normal commercial terms and are fair and reasonable and that the transaction contemplated under the Construction Contract is in the interests of the Company and its shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Construction Contract exceeds 5% but is less than 25%, such transaction constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

“Board”	the board of Directors
“Company”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 103)
“Construction Contract”	the construction contract dated 18 November 2019 entered into between TESC and Shandong Chengjian in respect of the construction of factory and ancillary facilities for TESC Phase II Project located at 1 Dong Fang Road, Tengzhou Economic Development Zone, Shandong Province with the total construction area of 28,944 square metres
“Convertible Bonds”	the 4% unsecured fixed coupon convertible bonds in the aggregate principal amount of up to HK\$150,000,000 due 2022 (extendable to 2024) issued by the Company to Jingxi Holdings pursuant to the Subscription Agreement dated 18 December 2018 entered into between the Company and Jingxi Holdings in relation to the Subscription
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“JESC”	Jiaxing Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Jingxi Holdings”	Jingxi Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Fund

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Chengjian”	Shandong Chengjian Engineering General Contracting Company Limited, a company established in the PRC
“Shougang Fund”	Beijing Shougang Fund Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of Shougang Group
“Shougang Group”	Shougang Group Co., Ltd. (a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission, established in the PRC) and a controlling shareholder of the Company (as defined under the SFO)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription ”	the subscription for the Convertible Bonds by Jingxi Holdings pursuant to the terms and subject to the conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 18 December 2018 entered into between the Company and Jingxi Holdings in relation to the Subscription
“TESC”	Tengzhou Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“TESC Phase II Project”	the construction project of production lines with an annual capacity of 20,000 tonnes of brass wires (half product or work in progress)
“%”	per cent.

*In this announcement, for the purpose of illustration only, amounts quoted in RMB has been converted into HK\$ at the rate of RMB1.00 to HK\$1.115. Such exchange rate has been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

By order of the Board  
**Shougang Concord Century Holdings Limited**  
**SU Fanrong**  
*Chairman and Managing Director*

Hong Kong, 18 November 2019

*As at the date of this announcement, the Board comprises the following Directors:*

*Mr. Su Fanrong (Chairman and Managing Director), Mr. Tang Cornor Kwok Kau (Deputy Managing Director), Mr. Liao Jun (Non-executive Director), Mr. Ye Qian (Non-executive Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director), Mr. Law, Yui Lun (Independent Non-executive Director) and Mr. Lam Yiu Kin (Independent Non-executive Director).*

*\* For identification purpose only*