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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**  
**ACQUISITION OF MACHINERY**

**THE ACQUISITION**

The Board is pleased to announce that on 25 November 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Contract with the Vendor for the acquisition of the steel cord production machines at a total contract price of RMB24,800,000 (equivalent to approximately HK\$27,652,000).

**IMPLICATION UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition 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.

## THE ACQUISITION

The Board is pleased to announce that on 25 November 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Contract with the Vendor for the acquisition of the steel cord production machines. The principal terms of the Purchase Contract are set out below:

Date: 25 November 2019

Parties: (i) the Purchaser; and  
(ii) the Vendor.

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 shareholders of the Vendor are Chen Jiangan\* (陳建剛) and Sun Jiancheng\* (孫建成), both being PRC merchants;
- (ii) the principal business of the Vendor includes manufacturing and selling of machineries for wire production; and
- (iii) as at the date of this announcement, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets acquired: The steel cord production machines

Date of delivery: Batch 1: before 28 February 2020

Batch 2: expected to be September 2020

Total contract price: RMB 24,800,000 (equivalent to approximately HK\$27,652,000), inclusive of value-added tax, transportation costs, on-site installation cost and tuning cost, which shall be paid by the Purchaser to the Vendor in batch by bank acceptance bills in the following manner:

The contract price of Batch 1 is RMB 12,400,000 (equivalent to approximately HK\$13,826,000) and will be paid in the following manner:

- (i) 10% of the contract price of Batch 1 to be paid as prepayment when the Purchase Contract is signed;

- (ii) 40% of the contract price of Batch 1 to be paid within 30 days after delivery, installation and tuning of Batch 1 of the steel cord production machines and after the same having been checked and accepted;
- (iii) 40% of the contract price of Batch 1 to be paid within 6 months after delivery, installation and tuning of Batch 1 of the steel cord production machines and after the same having been checked and accepted;
- (iv) 10% of the contract price of Batch 1 to be paid as quality guarantee within 30 days after the quality check having been passed following expiry of the 24-month warranty period of Batch 1 of the steel cord production machines;

The contract price of Batch 2 is RMB 12,400,000 (equivalent to approximately HK\$13,826,000) and will be paid in the following manner:

- (v) 10% of the contract price of Batch 2 to be paid as prepayment when the date of delivery of Batch 2 is confirmed;
- (vi) 40% of the contract price of Batch 2 to be paid within 30 days after delivery, installation and tuning of Batch 2 of the steel cord production machines and after the same having been checked and accepted;
- (vii) 40% of the contract price of Batch 2 to be paid within 6 months after delivery, installation and tuning of Batch 2 of the steel cord production machines and after the same having been checked and accepted; and
- (viii) 10% of the contract price of Batch 2 to be paid as quality guarantee within 30 days after the quality check having been passed following expiry of the 24-month warranty period of Batch 2 of the steel cord production machines.

The total contract price was determined after arm's length negotiations between the parties after considering the market price of brand new steel cord production machines and the existing condition of the steel cord production machines. The total contract price will be funded by the proceeds of the issuance of Convertible Bonds issued on 11 February 2019.

**Liability for breach:**

In case the steel cord production machines delivered to the Purchaser by the Vendor do not accord with its specifications set out in the Purchase Contract causing failure for the purpose of the Purchase Contract, the Vendor shall return the contract price to the Purchaser and, after negotiation of the amount of damages, pay damages to compensate the Purchaser's loss.

For delay caused by the Vendor, the Vendor shall pay the Purchaser damages at the rate of 0.5% of the total contract price per day of delay. For delay of more than 20 days, the Purchaser has the right to cancel the Purchase Contract. The Vendor shall return the contract price and, after negotiation of the amount of damages, pay damages to compensate the Purchaser's loss.

In the event that either the Vendor or the Purchaser terminates the contract without any proper reason, in addition to payment of damages for all loss due to the failure of fulfilment of the Purchase Contract, the breaching party shall pay the innocent party 20% of the total contract price as damages.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

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

The Purchase is part of the capital investment for the construction of the production lines in TESC Phase II Project, which will enhance the efficiency of production for both JESC and the Purchaser, 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 Purchase Contract are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and its shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition 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**

“Acquisition”	the acquisition of the steel cord production machines pursuant to the Purchase Contract
“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)
“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 Parties”	third party independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“JESC”	Jiaying 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
“Purchaser” or “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
“Purchase Contract”	the purchase contract dated 25 November 2019 entered into between the Purchaser and the Vendor in respect of the Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 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)
“Vendor”	Jiangsu Oumusheng Intelligent Equipment Co., Ltd., a company established in the PRC
“%”	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, 25 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*