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首長國際企業有限公司

**SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 697)

**(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED  
TRANSACTION  
AND  
(2) CONTINUING CONNECTED TRANSACTIONS**

**THE DISPOSAL**

On 3 October 2016, the Company and the Purchaser, a wholly-owned subsidiary of Shougang Holding, entered into the Agreement pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Qinhuangdao Business. The consideration payable by the Purchaser for the Sale Share is HK\$1.00. Under the terms of the Agreement, the Purchaser will also assume all the obligations and liabilities of the Disposed Group in respect of the Qinhuangdao Business. As at 30 June 2016, the total liabilities of the Qinhuangdao Business amounted to approximately HK\$19.05 billion.

The Sale Share represents the entire issued share capital of the Disposed Company, which holds the Group's entire interests in the Qinhuangdao Business. Upon Completion, the Company will no longer have any interest in the companies in the Disposed Group.

The Disposal constitutes a very substantial disposal for the Company. As the Purchaser is a wholly-owned subsidiary of Shougang Holding, the controlling shareholder of the Company, the Disposal also constitutes a connected transaction for the Company and is subject to the approval by the Independent Shareholders at a general meeting of the Company.

**CONTINUING CONNECTED TRANSACTIONS**

Upon Completion, the Group will focus on the Trading Business and will purchase part of the Group's requirements of iron ore, steel and other related products from Shougang Corporation and/or its associates. As Shougang Holding, the controlling shareholder of the Company, is wholly-owned by Shougang Corporation, the entering into of such transactions between the Company and Shougang Corporation and/or its associates constitute continuing connected transactions for the Company under the Listing Rules.

On 3 October 2016, the Company and Shougang Corporation entered into the Master Agreement in relation to the Continuing Connected Transactions. As the applicable ratios in respect of the Continuing Connected Transactions under the Master Agreement on an annual basis are expected to be more than 5%, the Master Agreement will be subject to the reporting,

announcement and Independent Shareholder's approval requirements under the Listing Rules.

## **GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Disposal and the Continuing Connected Transactions and the annual caps thereof. Messis Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposal and the terms and the annual caps of the Continuing Connected Transactions.

A circular containing, amongst others, further information about the Disposal and the Continuing Connected Transactions and the annual caps thereof, the advices of the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Disposal and the terms and the annual caps of the Continuing Connected Transactions, the recommendations of the Independent Board Committee to the Independent Shareholders on the terms of the Disposal and the terms and the annual caps of the Continuing Connected Transactions, and the notice of the Extraordinary General Meeting will be despatched to the Shareholders.

As the Company expects that it will require more time to collate the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 18 November 2016.

## **THE DISPOSAL**

Reference is made to the announcement of the Company dated 28 June 2016 in respect of the Disposal. On 3 October 2016, the Company and the Purchaser entered into the Agreement in respect of the Disposal.

### **The Agreement**

#### **Date**

3 October 2016

#### **Parties**

- (1) the Company; and
- (2) the Purchaser.

The Purchaser is a wholly-owned subsidiary of Shougang Holding, the controlling shareholder of the Company, and is a connected person of the Company.

#### **Subject matter**

The Company will sell the Sale Share, representing the entire issued share capital of the Disposed Company, to the Purchaser. The Disposed Company holds the Group's entire interests in the Qinhuangdao Business. Under the terms of the Agreement, the Purchaser has undertaken to assume all the obligations and liabilities of the Disposed Group in respect of the Qinhuangdao Business.

Upon Completion, all the companies in the Disposed Group will cease to be subsidiaries of the Company and the Company will no longer have any interest in the Qinhuangdao Business.

### **Consideration**

The consideration payable by the Purchaser for the Sale Share is HK\$1.00. Under the terms of the Agreement, the Purchaser will also assume all the obligations and liabilities of the Disposed Group in respect of the Qinhuangdao Business. As at 30 June 2016, the total liabilities of the Qinhuangdao Business amounted to approximately HK\$19.05 billion.

The consideration was determined after arm's length negotiations between the parties taking into consideration the net liability position of the Qinhuangdao Business.

### **Conditions**

Completion of the Disposal is conditional upon:

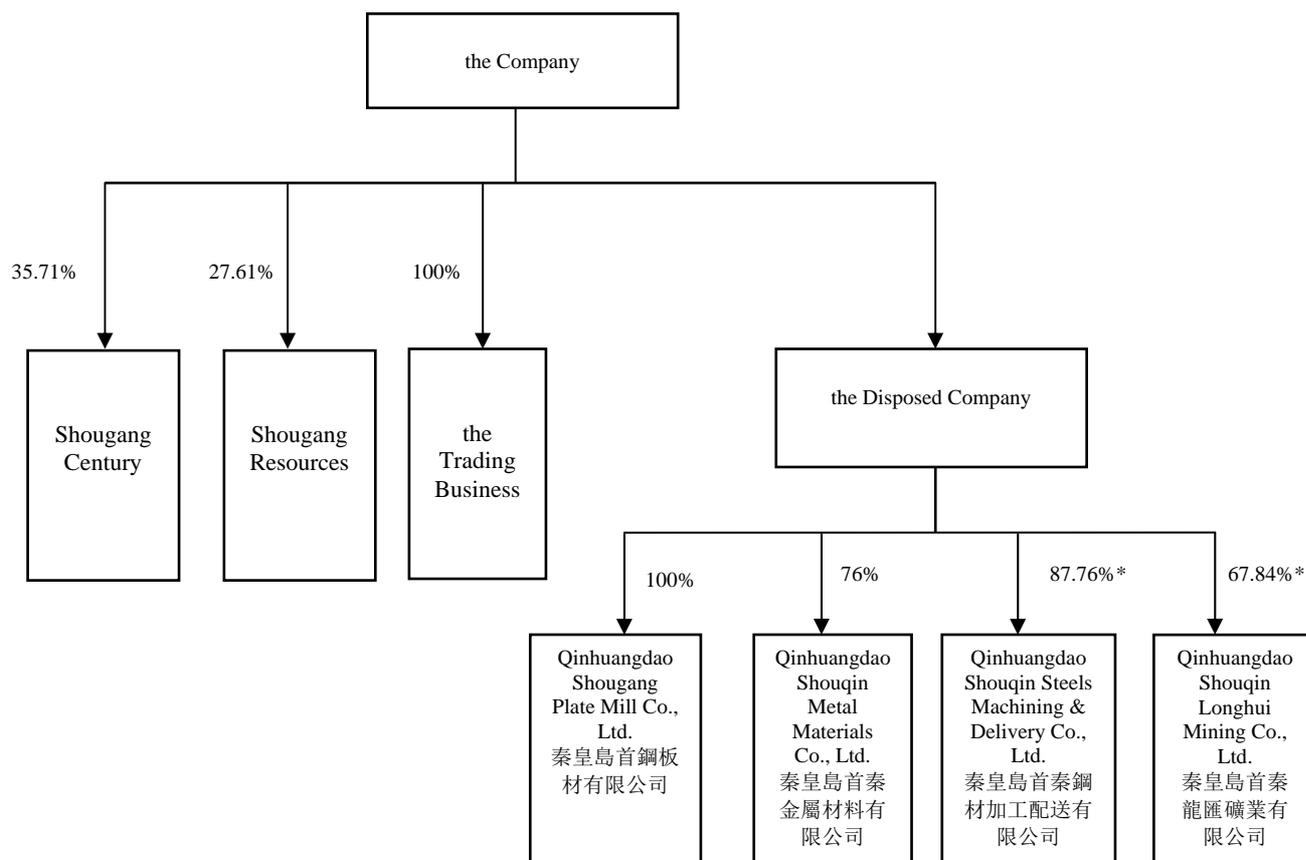
- (a) the Company being able to maintain a sufficient level of operation or assets to warrant the continued listing of the Shares on the Stock Exchange in accordance with the requirements of Rule 13.24 of the Listing Rules;
- (b) approval of the transactions contemplated under the Agreement by the Independent Shareholders in compliance with the Listing Rules; and
- (c) the obtaining of all other consents, approvals and authorisations, including any approvals or consents that may be required from the PRC authorities, in relation to the transactions contemplated under the Agreement.

If the conditions are not satisfied or waived before 31 December 2016 or such later date as the parties may otherwise agree, the Agreement will forthwith become null and void and cease to have any effect whatsoever save for any antecedent breach.

### **INFORMATION ON THE QINHUANGDAO BUSINESS**

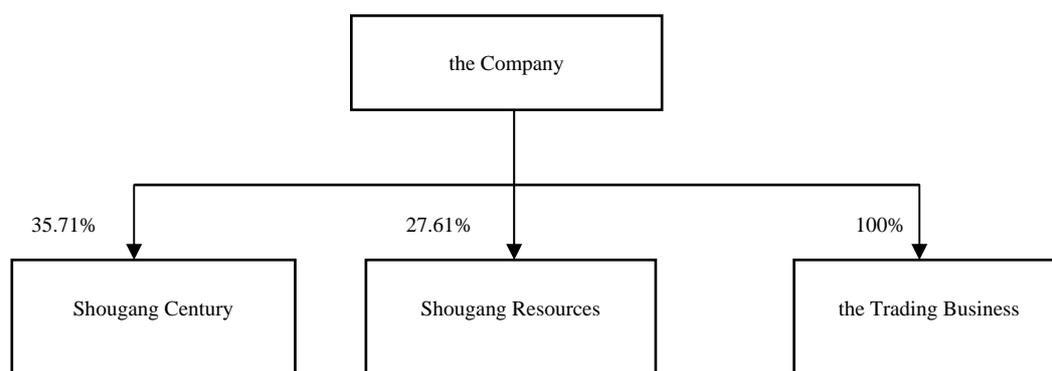
The Disposed Company is a company incorporated in the British Virgin Islands for the purpose of holding the Qinhuangdao Business. The simplified structure of the Group before and after the Disposal is set out below:

Before the Disposal

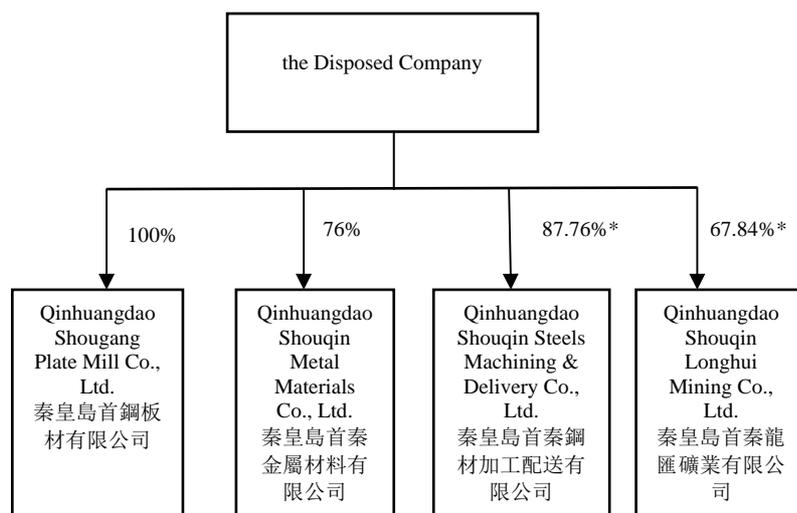


*\*attributable interest*

After the Disposal



The Disposed Group comprises the Disposed Company which holds fourteen wholly-owned subsidiaries of the Group, five non-wholly owned subsidiaries of the Group and investments in three other PRC companies. The Disposed Group carries on the Qinhuangdao Business, which comprises mainly two heavy plate mills, a deep processing centre on steel products and a mining company in Qinhuangdao City, Hebei Province, the PRC. A simplified structure of the Qinhuangdao Business is set out below:



*\*attributable interest*

The financial results of the Disposed Group for the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 are summarised below:

	For the year ended 31 December			For the six months ended
	2013	2014	2015	30 June 2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	10,835,789	10,915,217	6,856,574	2,946,686
(Loss) before tax	(2,359,947)	(1,735,273)	(2,497,542)	(715,936)
(Loss) attributable to the Group	(1,819,827)	(1,335,532)	(1,953,199)	(565,485)

The combined unaudited net liabilities of the Disposed Group attributable to the Group as at 30 June 2016 were approximately HK\$4.46 billion.

It is expected that the Group will not realise a gain or loss in the statement of profit or loss and other comprehensive income as a result of the Disposal. As the Purchaser is the controlling shareholder of the Company and the consideration was negotiated with premium over the fair value of the assets and liabilities to be disposed, the substantial gain from the Disposal in the estimated amount of HK\$4.46 billion will be directly recognised in the equity as deemed shareholder's contribution. The final amount of the gain is subject to Completion and finalisation of the audit on the Disposal.

## REASONS FOR THE DISPOSAL

The Qinhuangdao Business has been incurring substantial loss since 2009 largely as a result of the excessive production capacity of steel and a slow down in the economy in the PRC. In the accounts of the Group, the net liabilities of the Qinhuangdao Business attributable to the Group is approximately HK\$4.46 billion as at 30 June 2016. The financial performance of the Group has been materially adversely affected by the Qinhuangdao Business. The management of the Company is of the view that it is unlikely that the performance of the Qinhuangdao Business can improve in the near future given that the excessive steel production capacity cannot be resolved in the short term. As such, the Group intends to streamline its existing businesses and to steer its focus towards the Trading Business to take advantage of its solid position in the Trading Business. It is expected that the Disposal can

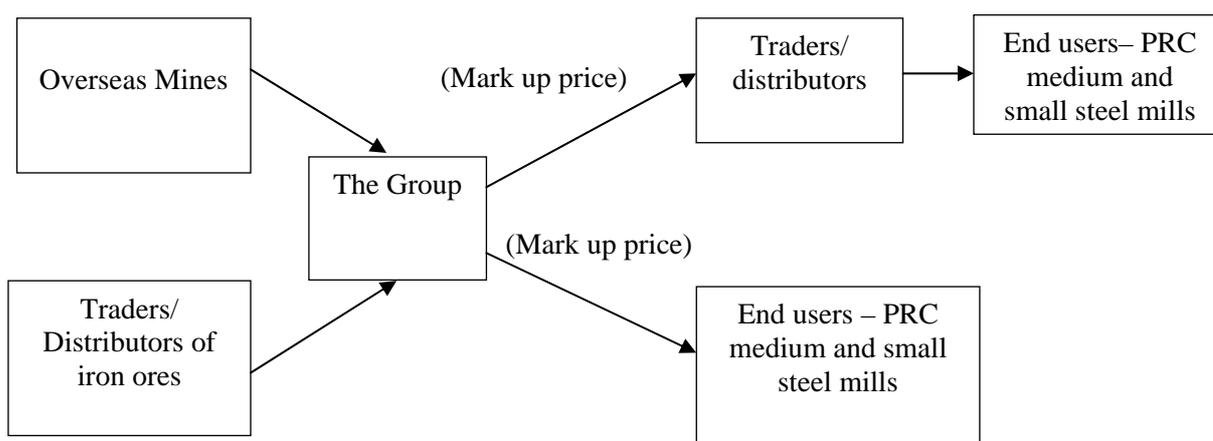
significantly improve the financial performance of the Group and allows the Group to direct its resources to the Trading Business.

## INFORMATION ABOUT THE REMAINING GROUP

Upon Completion, the Group will primarily be involved in the Trading Business. At the same time, the Group will also hold substantial interests in two Hong Kong listed companies, namely Shougang Resources and Shougang Century.

### *The Trading Business*

The Trading Business is trading of iron ore, steel and related products. The following chart summarises the business model of the Trading Business:



The financial results of the Trading Business for the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 are summarized below:

	For the year ended 31 December			For the six months
	2013	2014	2015	ended 30 June 2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4,426,947	1,902,317	412,305	476,201
Profits (before unallocated corporate income and expenses)	325,904	86,407	48,039	29,687

Upon Completion, the Group will focus on developing the Trading Business and will secure its supply of iron ore from either overseas iron ore mines or other distributors/traders in the market and sell the iron ore to its customers, which include medium and small steel mills or their procurement agents, and other distributors and traders to reach various steel mills in China. Since most of the purchases and sales are conducted on a back to back basis, for a transaction, the Group will determine the selling price by adding a margin on top of the purchase price of the iron ore, which would include expenditures and finance costs incurred by the Group for the transaction together with a profit margin thereon. The profit of the Trading Business is the difference in the buying price and the selling price of the iron ore.

The Group has a long history and extensive experience in the trading of iron ores. The trading volume depends on the ability of the Group in securing sufficient supplies of iron ores. Other than purchasing from third party suppliers, the Group intends to procure iron ores from Shougang Corporation, the ultimate holding company of the controlling shareholder of the Company, for its Trading Business. Shougang Corporation has indicated its intention to

supply the Group with approximately 2,040,000 tonnes and 2,040,000 tonnes of iron ore in 2017 and 2018 respectively to satisfy part of the Group's requirement of iron ores. In this connection, the Group will strengthen its Trading Business on iron ore after the Disposal and focus on the development of its existing customers and new markets with an aim to achieving a trading volume of about 4.0-5.5 million tonnes of iron ore in 2017 and 5.0-6.5 million tonnes of iron ore in 2018.

### *Suppliers and customers*

To ensure a stable supply of iron ore, the Group has signed binding supply agreements with two independent suppliers for the supply of about 4,080,000 tonnes of iron ore in 2017 and 2018. In addition, the Group has entered into a memorandum of understanding with another independent supplier under which the supplier will supply approximately 2.0 to 3.0 million tonnes of iron ore to the Group in 2017 and 2018.

In respect of sales, the Group has signed strategic cooperation agreements with three key independent customers for the sale of up to 3.0 million tonnes of iron ore to such customers for each year of 2017 and 2018.

### *Prospect and market overview of the Trading Business*

The Trading Business focuses on trading of imported iron ore into the PRC. Iron ore is a key ingredient for the production of steel, which is one of the most important materials that is used in every aspects of our daily life, including infrastructure development, real estate, shipbuilding, railways, industrial machinery, vehicle and electrical appliances. The most important material to produce steel is iron ore. For each tonne of steel production, it requires consumption of approximately 1.6 tonnes of iron ore. With China now accounting for about 50% of the world's steel production, China is the most important steel producer and iron ore consumer in the world.

The following table summarises the world's and China's crude steel production for the past five years:

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>tonnes</i>	<i>tonnes</i>	<i>tonnes</i>	<i>tonnes</i>	<i>tonnes</i>
World crude steel production	1,538	1,560	1,650	1,670	1,621
Yearly change	+7.3%	+1.4%	+5.8%	+1.2%	-2.9%
China crude steel production	702	731	822	823	804
Yearly change	+9.9%	+4.1%	+12.4%	+0.1%	-2.4%
% of the World	45.6%	46.9%	49.8%	49.3%	49.6%

As the characteristic of local iron ore in the PRC is low in Fe content, the PRC imports a significant amount of iron ore from overseas countries like Australia and Brazil each year.

A summary on the volume of iron ore imported into the PRC in the past five years is set out below:

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>tonnes</i>	<i>tonnes</i>	<i>tonnes</i>	<i>tonnes</i>	<i>tonnes</i>
Import of iron ore	606	744	820	932	953
Yearly change	-2.1%	+22.8%	+10.2%	+13.7%	+2.2%

While progress in the Chinese economy decelerates, demand for steel products and in turn iron ore have decreased in recent years. However, demand for imported iron ore did not shrink accordingly. Instead, imports of iron ore into China increased by 2.2% over the previous year to a total of 953 million tonnes in 2015. This is due to the fact that the imported iron ore is of higher quality than the iron ore produced in China, which results in much lower exploration and processing cost in steel manufacturing. This implies that the imported iron ore is hardly substitutable.

The Company believes that China will continue to remain the largest steel production and iron ore consuming economy in the world. Given the population increase and economic growth, growth in demand for more infrastructure, real estate, shipbuilding, railways, industrial machinery, vehicles and electrical appliances is expected. Besides, demand for construction steel remains strong as a number of major construction and infrastructure projects are being pushed forward. Further, the global strategy of “One Belt, One Road” advocated by China will also represent an important growth engine for China’s demand for steel products and thus iron ore. The management believes that in the future, China’s reliance on iron ore imports is expected to grow rather than shrink. For these reasons, the Company is of the view that the Trading Business can be a sustainable and viable business of the Group going forward. The Group will make the best use of its competitive advantages and act as an outstanding player in the international trading of iron ore.

On the other hand, given the current tough market environment, many smaller iron ore traders would likely exit the market, which would result in less competition in the market and will benefit the Trading Business of the Group over time.

#### *Interests in Shougang Resources and Shougang Century*

The Group holds approximately 27.61% interest in Shougang Resources, a company listed in Hong Kong which is engaged in hard coking coal production and sale in the PRC. The share of results of Shougang Resources by the Group for the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 are summarised below:

	For the year ended 31 December			For the six months ended
	2013	2014	2015	30 June 2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of profits/(losses) of Shougang Resources	282,503	(142,796)	(140,346)	(97,334)

The carrying amount of the Group’s investment in Shougang Resources is approximately HK\$4.46 billion as at 30 June 2016.

The Group holds approximately 35.71% interest in Shougang Century, a company listed in Hong Kong which is engaged in the manufacture and sale of steel cord for radial tyres and sawing wires, processing and trading of copper and brass products. The share of results of Shougang Century by the Group for the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2016 are summarised below:

	For the year ended 31 December			For the six months ended
	2013	2014	2015	30 June 2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of (losses) of Shougang Century	(5,934)	(98,479)	(134,621)	(16,670)

The carrying amount of the Group's investment in Shougang Century is approximately HK\$0.43 billion as at 30 June 2016.

Based on the financial position of the Group as of 30 June 2016, the Group had gross assets of HK\$6.11 billion and net assets of HK\$4.94 billion after the Disposal. Assuming the Disposal has been completed on 30 June 2016, after the Disposal, approximately 91.8% of the Group's total assets on a pro-forma basis would be non-cash assets, including investments in Shougang Resources and Shougang Century. Thus, the Directors do not consider that the Company will consist wholly or substantially of cash or short-dated securities.

The Disposal constitutes a very substantial disposal for the Company. As the Purchaser is a wholly owned subsidiary of Shougang Holding, the controlling shareholder of the Company, the Disposal also constitutes a connected transaction for the Company and is subject to the approval by the Independent Shareholders at a general meeting of the Company.

The Directors (excluding the independent non-executive Directors who will provide their opinions after taking advice from the independent financial adviser) consider that the Disposal is in the interest of the Group under the current difficult market environment of the Qinhuangdao Business, and the Disposal have been concluded after arm's length negotiations, and is on normal commercial terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **CONTINUING CONNECTED TRANSACTIONS**

Upon Completion, the Group will focus on the Trading Business which will primarily involve the trading of iron ore, steel and related products. The Company has entered into long-term offtake agreements with Mount Gibson, an Australian mining company in 2008 and the Group has historically sourced the majority of the its requirements of iron ore from Mount Gibson. However, owing to the collapse of the sea wall of the Koolan Island mine and the subsequent flooding in late 2014, Mount Gibson has suspended its mining activities at the Koolan Island mine and it is currently unclear when Mount Gibson will resume production at the Koolan Island mine. To ensure that the Group will have a stable supply of iron ore and steel products for its Trading Business, on 3 October 2016, the Company and Shougang Corporation entered into the Master Agreement.

Shougang Corporation is the holding company of Shougang Holding, the controlling shareholder of the Company. Accordingly, the entering into of the Master Agreement constitutes continuing connected transactions for the Company under the Listing Rules.

### **The Master Agreement**

#### **Date**

3 October 2016

#### **Parties**

- (1) The Company
- (2) Shougang Corporation

## Subject

Pursuant to the Master Agreement, Shougang Corporation and/or its associates will provide iron ore, steel and related products to the Group (the “**Purchases**”).

## Conditions

The obligations of the parties to the Master Agreement are conditional upon approval of the Master Agreement and the transactions contemplated thereunder and the annual caps by the Independent Shareholders in compliance with the Listing Rules.

If the conditions precedent under the Master Agreement are not satisfied on or before 31 December 2016 (or such other date as the parties may agree in writing), the Master Agreement will terminate and no party will be entitled to any rights or benefits or be under any obligations under or in respect of the Master Agreement.

## Term

Subject to the satisfaction of the conditions precedent to the Master Agreement, the Master Agreement has a term of three years commencing from 1 January 2017 and ending on 31 December 2019.

## Annual Caps

The cap amounts of the Purchases for each of the three financial years ending 31 December 2019 will be as follows:

	<b>2017</b> <i>HK\$' million</i>	<b>2018</b> <i>HK\$' million</i>	<b>2019</b> <i>HK\$' million</i>
Cap amount for the Purchases	1,100	1,600	2,700

In determining the annual caps, the Company has taken into consideration the anticipated amount of the iron ore, steel and related products that the Group will purchase for trading purposes during the term of the Master Agreement.

## Price

The basis of determining the prices for the Continuing Connected Transactions will be in accordance with:

- (1) comparable market price based on the Platts Iron Ore Index; or
- (2) in the unlikely event that no comparable market price can be taken as a reference, a price reasonably agreed between the parties on normal commercial terms and such price should be no less favourable to the Company than that available from independent third parties.

In determining the prices for the Purchases, the Group will obtain information of the transaction prices of similar products in the market by making reference to the Platts Iron Ore Index and enquiry with industry players and conducting researches on industry websites to determine the reference prices, which will then be compared against the prices quoted by

Shougang Corporation and/or its associates to ensure that prices for the Purchases will be no less favourable to the Company than that available from independent suppliers. The Platts Iron Ore Index can be obtained on a daily basis and the prices of the Purchases are highly transparent in the open market. In the unlikely event that no comparable market price can be taken, experts in the Group with sufficient industry experience could opine on the fairness and reasonableness of the price by reference to the comparable price and/or historical transaction price of the most similar items to ensure that the price would be fair and reasonable to the Group and no less favourable to the Company than that available from independent third parties.

To ensure that the actual purchase prices for the transactions under the Master Agreement will be no less favourable to the Group than that available from independent third parties, the Company will conduct regular checks to review and assess whether the Continuing Connected Transactions have been entered into in accordance with the terms of the Master Agreement. In addition, the auditors of the Company will be engaged to review the Continuing Connected Transactions to assess whether the Continuing Connected Transactions have been carried out in accordance with the pricing policies of the Company.

Given the above, the Directors are of the view that the purchase price of the iron ore is fair and reasonable and no less favourable to the Company than that available from independent third parties.

#### **Payment terms**

The terms of payment for the Continuing Connected Transactions will be on normal commercial terms which will be no less favourable to the Company than those available from independent third parties.

#### **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Group has in the past purchased iron ore and coke (which are essential raw materials for steel production), steel production equipments and their spare parts and components, furnaces, boilers, and services including inspection and maintenance services, labour services, sampling charges, warehousing services and other related services, and the Group has sold steel slabs, steel plates and pellets produced by the Group, together with wastes and scrap materials to Shougang Corporation and/or its associates. Those transactions were primarily for the Qinhuangdao Business. The term of the existing master agreement between the Company and Shougang Corporation will expire on 31 December 2016.

With the expiry of the term of the existing master agreement on 31 December 2016 and that the Group would need to secure a stable source of supply of iron ore, steel and related products to support the Trading Business, the Company and Shougang Corporation entered into the Master Agreement to govern the terms of the Continuing Connected Transactions going forward.

#### **GENERAL**

The Group is principally engaged in the manufacture and sale of steel products, commodity trading and mineral exploration.

The Purchaser is an investment holding company and is a wholly-owned subsidiary of Shougang Holding. As at the date of this announcement, Shougang Holding and its associates are interested in approximately 47.78% of the total number of Shares of the

Company in issue and is the controlling shareholder of the Company. Accordingly, the Disposal constitutes a very substantial disposal and connected transaction for the Company and is subject to the approval by the Independent Shareholders at a general meeting of the Company.

Shougang Corporation is principally engaged in the manufacture and sale of steel products. Shougang Corporation is the holding company of Shougang Holding, which is the controlling shareholder of the Company. Accordingly, the transactions between the Group and Shougang Corporation and/or its associates constitute continuing connected transactions for the Company under the Listing Rules. As the applicable ratios in respect of the Continuing Connected Transactions under the Master Agreement on an annual basis are expected to be more than 5%, the Master Agreement will be subject to the reporting, announcement and Independent Shareholder's approval requirements under the Listing Rules.

Mr. Li Shaofeng and Mr. Ding Rucai, are also directors of Shougang Holding. Each of Mr. Li Shaofeng, and Mr. Ding Rucai has abstained from voting for the Board resolutions to approve the Agreement and the Master Agreement. Mr. Shu Hong also abstained from voting on the Board resolutions to approve the Agreement and the Master Agreement voluntarily.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Disposal and the terms and the annual caps of the Continuing Connected Transactions. Messis Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposal and the terms and the annual caps of the Continuing Connected Transactions.

An Extraordinary General Meeting will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Agreement, the Master Agreement and the annual caps thereof. Shougang Holding and its associates, holding approximately 47.78% of the total number of Shares in issue, will abstain from voting for the resolutions to be proposed at the Extraordinary General Meeting to approve the Agreement and the Master Agreement and the annual caps thereof.

A circular containing, amongst others, further information about the Disposal and the terms and the annual caps of the Continuing Connected Transactions, the advices of the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Disposal and the terms and the annual caps of the Continuing Connected Transactions, the recommendations of the Independent Board Committee to the Independent Shareholders on the terms of the Disposal and the terms and the annual caps of the Continuing Connected Transactions, and the notice of the Extraordinary General Meeting will be despatched to the Shareholders.

As the Company expects that it will require more time to collate the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 18 November 2016.

## DEFINITION

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

“Agreement”	the agreement dated 3 October 2016 between the Company and the Purchaser in respect of the Disposal;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Disposal;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Master Agreement;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal”	the sale of the Sale Share by the Company to the Purchaser;
“Disposed Company”	Ultimate Century Investments Limited, a company incorporated in the British Virgin Islands, the holding company for the Qinhuangdao Business;
“Disposed Group”	the Disposed Company and fourteen wholly-owned subsidiaries of the Group, five non-wholly owned subsidiaries of the Group and investments in three other PRC companies that are involved in the Qinhuangdao Business;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened to approve the Agreement, the Master Agreement and the annual caps and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries or upon Completion, the Company and its subsidiaries (other than the Disposed Group);
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, which has been appointed by the Board to advise the Independent Shareholders on the Agreement and the Master Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than Shougang Holding and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Agreement”	the master agreement entered into between the Company and Shougang Corporation dated 3 October 2016 in respect of the Continuing Connected Transactions;
“Mount Gibson”	Mount Gibson Iron Limited, an Australian mining company;
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“Purchaser”	Shougang Holding Bonds Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of Shougang Holding;
“Qinhuangdao Business”	the business carried on by the Group in Qinhuangdao City, Hebei Province, the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	the entire issued share capital of the Disposed Company;
“Shareholders”	shareholders of the Company;
“Shares”	ordinary shares of the Company;
“Shougang Century”	Shougang Concord Century Holdings Limited, a company listed on the main board of the Stock Exchange which is owned as to approximately 35.71% by the Company as at the date of this announcement;
“Shougang Corporation”	Shougang Corporation, a state-owned enterprise in the PRC and the holding company of Shougang Holding;
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Corporation and the controlling shareholder of the Company;

“Shougang Resources”	Shougang Fushan Resources Group Limited, a company listed on the main board of the Stock Exchange which is owned as to approximately 27.61% by the Company as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trading Business”	the business of trading in iron ore, steel and related products carried out by the Group; and
“%”	per cent.

By Order of the Board  
**Shougang Concord International  
Enterprises Company Limited**  
**Li Shaofeng**  
*Managing Director*

Hong Kong, 3 October 2016

*As at the date of this announcement, the board of directors of the Company comprises Mr. Zhang Bingcheng (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Ding Rucai (Deputy Managing Director), Mr. Shu Hong (Deputy Managing Director), Mr. Ip Tak Chuen, Edmond (Non-executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai Cheung (Independent Non-executive Director).*