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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)

PROPOSED SHARE CONSOLIDATION

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The Board proposes to implement the Share Consolidation on the basis that every five (5) Existing Shares be consolidated into one (1) Consolidated Share.

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the GM to approve the Share Consolidation. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the GM.

GENERAL

The GM will be convened for the Shareholders to consider and, if thought fit, to approve the Share Consolidation. A circular containing, among other things, (i) further details of the Share Consolidation, and (ii) a notice convening the GM, is expected to be despatched to the Shareholders on or before 11 March 2020.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every five (5) Existing Shares be consolidated into one (1) Consolidated Share.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions being satisfied:

- (i) the passing of an ordinary resolution by the Shareholders at the GM to approve the Share Consolidation;

- (ii) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation, if any.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective one clear Business Day after the date of the GM.

Effects of the Share Consolidation

As at the date of this announcement, 34,627,883,902 Existing Shares have been allotted and issued, and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and on the basis that the Company does not allot, issue or repurchase any Existing Shares prior thereto, not less than 6,925,576,780 Consolidated Shares will be in issue.

The Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Existing Shares as at the date of this announcement.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated total asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other, and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

Board lot size

The Existing Shares are currently traded in board lots of 2,000 Existing Shares each and the market value per board lot of the Existing Shares is HK\$720, based on the closing price of HK\$0.360 per Existing Share as quoted on the Stock Exchange on the date of this announcement.

Upon the Share Consolidation becoming effective, the board lot size will remain the same and the Consolidated Shares will be traded in board lots of 2,000 Consolidated Shares and the theoretical market value per board lot of the Consolidated Shares will be HK\$3,600, based on the closing price of HK\$0.360 per Existing Share as quoted on the Stock Exchange on the date of this announcement.

Listing Application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Odd lots trading arrangement

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Lego Securities Limited to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lots arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may, on or after 30 March 2020 until 11 May 2020 (both days inclusive), submit share certificates for the Existing Shares (in blue colour) to the share registrar of the Company, Tricor Tengis Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (on the basis of five (5) Existing Shares for one (1) Consolidated Share), which will be in red colour. Thereafter, share certificates of Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

Nevertheless, after 4:30 p.m. on 11 May 2020, share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but will not be accepted for trading, settlement and registration.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION

The Company's principal businesses focus on the operation and management of car parking assets and management of private funds that are oriented towards urban renewal. During the past two years, the Company continued to achieve groundbreaking successes in its principal businesses. In terms of its car parking business, the Company seized development opportunities in the car parking industry, continuously improved its car parking products, integrated technology in car parking, improved the operating efficiency and profitability of existing parking spaces, and launched three-dimensional parking building products to meet the demands from the shortage of parking spaces in tier-1 and tier-2 cities. In addition, the Company integrates various commercial forms in its car parking business, and strives to provide its customers with a more comfortable and convenient parking experience. At present, the Company has made significant breakthroughs in the number of contracted parking spaces, and has expanded its operation scale to the industry's frontline level. In addition to its key layouts in Beijing, Shanghai, Chengdu and other places, the Company further launched projects in Nanjing, Guangzhou and other core cities in 2019. The business scope of the Company has expanded to include transportation hubs, hospitals, commercial operations, roadside parking and other important categories, making the Company's business layout more comprehensive and diversified. In terms of its urban renewal business, the Company strives to grasp the historic development opportunity of 新首鋼高端產業綜合服務區 (New Shougang High-end Industry Comprehensive Service Park (“**Shougang Park**”)), and has participated in the property development of Shougang Park by establishing real estate funds. At present, the scale of the funds under Company's management has exceeded RMB40 billion. Adhering to its original goal, the Company will continue to focus on its main businesses, further develop its businesses to reach new levels, and create better investment returns for the Shareholders.

However, it is also worth noticing that the Existing Shares have consistently been trading at below HK\$0.5 during the past two years. Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019, taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000. As at the date of this announcement, the closing price of the Existing Shares was HK\$0.360 and the Existing Shares were trading at board lot value under HK\$2,000. For the purpose of reducing transaction costs, the Board proposes the Share Consolidation.

The Share Consolidation reduces the number of new board lots and increases the value of each new board lot. After the Share Consolidation, and based on the closing price of the Existing Shares as at the date of this announcement, the theoretical market value of each new board lot will be HK\$3,600, which is much closer to HK\$4,800, being the average value of each board lot of companies listed on the main board of the Stock Exchange. Typically, transaction fees are charged either per board lot or by trading amount. For transaction fees charged per board lot, transaction costs of dealings in fewer board lots are lower than those for more board lots. For transaction fees charged by trading amount, particularly for those that are subject to a minimum charge, increasing the value of each board lot will save costs for investors. It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange and will reduce the overall transaction costs of dealings in the Shares.

The Company considers that although increasing its board lot size could achieve similar effects as the Share Consolidation, it will not provide any upward adjustment to the share price of the Company. As a result of the low trading price of the Existing Shares, potential investors are likely to have the impression that the market value of the Company is also low, which makes investing in the Existing Shares less attractive. The market value of the Company increased from approximately HK\$4 billion at the beginning of 2018 to approximately HK\$12.47 billion as at the date of this announcement, which is inseparable from the support of investors and the efforts of the management team. The Company is confident that after the Share Consolidation, the market image of the Company will become more positive, thereby attracting more investors and leading to more active trading in the Shares. Therefore, with a higher trading price of the Consolidated Shares and reduction in the transaction costs as a proportion of the market value of each board lot, the Company believes that the Share Consolidation will enhance the corporate image of the Company and make investing in the Consolidated Shares more attractive to a broader range of institutional and professional investors and other members of the investing public.

In addition, as at the date of this announcement, the Company had over 34.6 billion Shares in issue, whereas companies listed on the main board of the Stock Exchange typically have approximately 4.6 billion shares on average. Therefore, the Share Consolidation will also contribute to the convergence to the average level of issued shares of comparable listed companies in the market.

Given the above reasons, the Company considers the proposed Share Consolidation is justifiable in light of the potential costs and negative impact arising from the creation of odd lots to Shareholders. Accordingly, the Directors consider that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation is as follows:

Event	Time and Date 2020
Expected date of dispatch of the circular with notice and form of proxy of the GM	On or before 11 March
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the GM	4:30 p.m. on 20 March
Closure of register of members for determining the entitlement to attend and vote at the GM	23 March to 26 March (both days inclusive)
Latest date and time for lodging forms of proxy for the GM	10:00 a.m. on 24 March
Date and time of the GM	10:00 a.m. on 26 March
Announcement of poll results of the GM	26 March

The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Consolidation as set out in the section headed “Conditions of the Share Consolidation” above:

Effective date of the Share Consolidation	30 March
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	30 March
Commencement of dealings in the Consolidated Shares	9:00 a.m. on 30 March
Original counter for trading in the Existing Shares in board lots of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on 30 March

Event	Time and Date 2020
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on 30 March
Original counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on 15 April
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on 15 April
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on 15 April
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on 7 May
Parallel trading in Consolidated Shares (in form of new share certificates and existing share certificates) ends	4:10 p.m. on 7 May
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:10 p.m. on 7 May
Latest date and time for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:30 p.m. on 11 May

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

GENERAL

The GM will be convened for the Shareholders to consider and, if thought fit, to approve the Share Consolidation.

A circular containing, among other things, (i) further details of the Share Consolidation, and (ii) a notice convening the GM, is expected to be despatched to the Shareholders on or before 11 March 2020.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation at the GM.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (other than statutory holiday) on which the Stock Exchange is open for business to deal in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Shougang Concord International Enterprises Company Limited (stock code: 697), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“Existing Share(s)”	ordinary share(s) of the Company prior to the Share Consolidation having become effective
“GM”	the general meeting of the Company to be convened to consider and, if thought fit, approve, among others, the Share Consolidation and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	Existing Share(s) or Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every five (5) Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
**Shougang Concord International
Enterprises Company Limited**
Zhao Tianyang
Chairman

Hong Kong, 21 February 2020

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Xu Liang and Mr. Liang Hengyi (Managing Director) as Executive Directors; Dr. Li Yinhui, Mr. Liu Jingwei, Mr. Ho Gilbert Chi Hang and Mr. Li Hao as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Dr. Qiao Yongyuan as Independent Non-executive Directors.