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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)

### **INSIDE INFORMATION**

This announcement is made by Shougang Concord Century Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (the “Inside Information Provisions”) (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Tengzhou Eastern Steel Cord Co., Ltd. (滕州東方鋼簾線有限公司) (“TESC”), an indirectly wholly-owned subsidiary of the Company, acquired the land use rights of three parcels of land with area of brownfield sites reaching 237,855 square meters, which are located at the west side of its factory plant, situated at 1 Dong Fang Road, Tengzhou Economic Development Zone, Shandong Province, PRC (the “Lands”) through a public auction for a total consideration of RMB81,120,000 as plant site for the expansion of production capacity of TESC in 2010 and 2011. However, given the changes in the market of steel cord and strategic review of the expansion plan, TESC has yet to utilize the Lands since its acquisition, nor received the relevant land use right certificates.

In late November 2017, TESC received a notice regarding the rescission of confirmation letter in respect of successful bidding of state-owned land for construction (《國有建設用地掛牌出讓成交確認書》) (the “Rescission Notice”) from Tengzhou Municipal State-owned Land Resources Bureau (滕州市國土資源局) (the “State-owned Land Resources Bureau”) regarding the Lands in the state of being idle. If the Rescission Notice is being carried out, TESC is required to surrender the Lands and forfeit the land use rights attached thereto. Subsequently, the management of the Company and TESC (the “Management”) negotiated with the Management Committee of the Tengzhou Economic Development Zone (滕州經濟開發區管理委員會) and Tengzhou governmental authorities, namely the Municipal Government, with an aim to reach a consensus for TESC to continue utilizing the Lands to proceed with the construction plan in pursuit of obtaining the land use right certificates. Thereafter, the Management agreed to

undergo, and has indeed undergone the process of obtaining the land use right certificates, in order to avoid the Rescission Notice being carried out.

In the process of obtaining the land use right certificates to facilitate the construction plan, TESC has been informed by the State-owned Land Resources Bureau of a request to pay land compensation payment (土地補償款), compensation payment for attachments to land and green sprout during land acquisition (徵地地上附着物和青苗補償金) (the “Compensation Payments” ), land deed tax (土地契稅) and farmland occupancy tax (耕地佔用稅), etc., regarding the Lands in early February 2018. Based on the existing information, the Compensation Payments and the said taxes are estimated to be approximately RMB33,300,000. These expenses will undoubtedly put pressure on the Group’s current cash flow position and total cost of investment on the completion of obtaining the land use right certificates.

As at the date of this announcement, the Management is seeking for a solution, including but not limited to, a waiver of the Compensation Payments, the land deed tax and farmland occupancy tax, etc. (the “Solution”). The negotiation between the Management and the State-owned Land Resources Bureau and/ or other relevant Tengzhou governmental authority is still ongoing. As the Lunar New Year is approaching, the meeting between the Management and relevant officials is pending. If TESC fails in obtaining the Solution, TESC may consider to surrender the Lands (the “Possible Surrender”) and forfeit the land use rights attached thereto (the “Possible Forfeiture”). The Company will make further announcement pursuant to the Listing Rules and the Inside Information Provisions if there is any outcome of the negotiation or updated progress.

As at 31 December 2017, the (unaudited) net book value of the Lands amounted to approximately RMB60,623,000, equivalent to approximately HK\$72,523,000. In view of the Possible Surrender and Possible Forfeiture, the Company is in contemplation of making relevant provision, and the financial impact arising therefrom on the Group is under assessment. The Company will comply with the relevant requirements of the Listing Rules where and when appropriate.

**The Possible Surrender and Possible Forfeiture may or may not proceed. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 14 February 2018

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

*Mr. Su Fanrong (Chairman and Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tang Cornor Kwok Kau (Deputy Managing Director), Mr. Liao Jun (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).*