

---

## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**If you are in any doubt** as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker or licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Shougang Concord International Enterprises Company Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, manager, licensed securities dealer or registered institution in securities, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed “6. Expert and Consent” in Appendix III to this Prospectus have been registered with the Registrar of Companies in Hong Kong as required under Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of these documents.

Subject to the granting of the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Open Offer 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 Open Offer Shares on the Stock Exchange or such other date as may be 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 trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should consult your stockbroker or licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Shareholders with registered addresses in any jurisdiction outside Hong Kong are referred to the important information set out in the paragraph headed “Rights of the Overseas Shareholders” under the section headed “Letter from the Board” of this Prospectus. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Open Offer Shares or to take up any entitlements to the Open Offer Shares, or any solicitation or act in furtherance to a trade in any jurisdiction in which such an offer or solicitation or act is unlawful.



**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)

**OPEN OFFER ON THE BASIS OF  
ONE OPEN OFFER SHARE FOR EVERY ONE EXISTING SHARE  
HELD ON THE RECORD DATE  
AT HK\$0.225 PER OPEN OFFER SHARE**

**Underwriter to the Open Offer  
Shougang Holding (Hong Kong) Limited**

---

Capitalised terms used in this cover page have the same meanings as those defined in the section headed “Definitions” in this Prospectus.

The Latest Time For Acceptance is 4:00 p.m. on Wednesday, 8 November 2017. The procedures for application and payment are set out on page 19 of this Prospectus.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter to, by notice in writing to the Company at any time prior to the Latest Time for Termination, terminate its obligations under the Underwriting Agreement on the occurrence of certain events. These events are set out under the section headed “Termination of the Underwriting Agreement” of the “Letter from the Board” on page 15 of this Prospectus. Accordingly, the Open Offer may or may not proceed.

It should be noted that the Shares have been dealt in on an ex-entitlement basis from Monday, 16 October 2017, and the dealings in Shares have taken and will take place whilst the conditions to which the Open Offer and the Underwriting Agreement are subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions of the Open Offer and the Underwriting Agreement are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or potential investors of the Company should exercise caution when dealing in the Shares during such period, and if they are in any doubt about their position, they are advised to consult their professional advisers.

25 October 2017

---

## CONTENTS

---

|   | <i>Page</i> |
|---|-------------|
| <b>DEFINITIONS</b> .....  | 1           |
| <b>EXPECTED TIMETABLE</b> .....   | 6           |
| <b>LETTER FROM THE BOARD</b> .....  | 7           |
| <b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....                          | I-1         |
| <b>APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION<br/>OF THE GROUP</b> ..... | II-1        |
| <b>APPENDIX III – GENERAL INFORMATION</b> .....                                       | III-1       |

---

## DEFINITIONS

---

*In this Prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:*

|                              |   |
|------------------------------|---|
| “Acquisitions”               | the First Acquisition and the Second Acquisition;   |
| “Announcement”               | the announcement of the Company dated 8 September 2017 in relation to, among others, the Open Offer;  |
| “Application Form”           | the application form accompanying this Prospectus for use by the Qualifying Shareholders to apply for the Open Offer Shares;  |
| “associate(s)”               | has the meaning ascribed thereto under the Listing Rules;   |
| “Board”                      | the board of Directors;   |
| “Business Day”               | a day (other than a Saturday or Sunday or days on which a typhoon signal no. 8 or above or “black” rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks are generally open for business for more than five hours in Hong Kong; |
| “CCASS”                      | the Central Clearing and Settlement System established and operated by HKSCC;   |
| “Circular”                   | the circular of the Company dated 25 September 2017 in relation to, among others, the Open Offer;   |
| “Companies Ordinance”        | the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);  |
| “Company”                    | Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong with limited liability whose issued Shares are listed on the Stock Exchange (stock code: 697);  |
| “connected person”           | has the meaning as ascribed thereto under the Listing Rules;  |
| “controlling shareholder(s)” | has the meaning as ascribed thereto under the Listing Rules;  |
| “Director(s)”                | director(s) of the Company;   |
| “First Acquisition”          | the acquisition by the First Purchaser of the First Sale Shares;  |
| “First Purchaser”            | Jingji (Hong Kong) Limited (京冀(香港)有限公司), a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company;   |
| “First Sale Shares”          | 95% of the equity interest in the First Target Company;   |

---

## DEFINITIONS

---

|                                 |  |
|---------------------------------|--|
| “First Target Company”          | Beijing-Hebei Co-development Exhibition Zone (Tangshan) Fund Management Co., Ltd.*(京冀協同發展示範區(唐山)基金管理有限公司), a limited liability company established in the PRC, which is held as to 95% and 5% by Shougang Fund and Ultimate Sense Limited (which is independent of the Company and its connected persons), respectively, immediately before completion of the First Acquisition;   |
| “GM”                            | the general meeting of the Company held on Thursday, 12 October 2017 at 11:00 a.m. to approve, among others, the Open Offer;   |
| “Group”                         | the Company and its subsidiaries;  |
| “HKSCC”                         | Hong Kong Securities Clearing Company Limited;   |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong;   |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the PRC;  |
| “Independent Shareholders”      | any Shareholder other than Shougang Holding and its associates;  |
| “Last Trading Day”              | Thursday, 7 September 2017, being the last trading day of the Shares on the Stock Exchange prior to the date of issue of the Announcement;   |
| “Latest Practicable Date”       | 18 October 2017, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained in this Prospectus;   |
| “Latest Time for Acceptance”    | 4:00 p.m. on Wednesday, 8 November 2017 or such other date and/or time as may be agreed between the Underwriter and the Company, being the latest time for the acceptance of, and payment for, the Open Offer Shares as described in this Prospectus;  |
| “Latest Time for Termination”   | 4:00 p.m. on Thursday, 9 November 2017 or such other date and/or time as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement;   |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange;   |
| “Non-Qualifying Shareholder(s)” | those Overseas Shareholders whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider necessary or expedient to exclude such Shareholders from the Open Offer on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction; |

---

## DEFINITIONS

---

|                             |  |
|-----------------------------|--|
| “Open Offer”                | the proposed issue of the Open Offer Shares by way of open offer to the Qualifying Shareholders on the basis of one (1) Open Offer Share for every one (1) existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents; |
| “Open Offer Share(s)”       | 8,957,896,227 new Shares to be allotted and issued pursuant to the Open Offer;   |
| “Overseas Shareholder(s)”   | Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong;   |
| “PRC”                       | the People’s Republic of China, which for the purpose of this Prospectus, will exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China;  |
| “Prospectus”                | this prospectus containing details of the Open Offer;  |
| “Prospectus Documents”      | this Prospectus and the Application Form;  |
| “Prospectus Posting Date”   | Wednesday, 25 October 2017 (or such other date as the Company and the Underwriter may agree in writing), being the date of despatch of the Prospectus Documents;   |
| “Qualifying Shareholder(s)” | Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date;  |
| “Record Date”               | Tuesday, 24 October 2017, or such other date as may be agreed between the Underwriter and the Company for the determination of the entitlements under the Open Offer;  |
| “Registrar”                 | Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the share registrar of the Company;   |
| “Second Acquisition”        | the acquisition by the Second Purchaser of the Second Sale Shares;   |
| “Second Purchaser”          | Shouzhong (Hong Kong) Limited (首中(香港)有限公司), a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company;   |
| “Second Sale Shares”        | 40% of the equity interest in the Second Target Company;   |

---

## DEFINITIONS

---

|                          |   |
|--------------------------|---|
| “Second Target Company”  | Shouzhong Investment Management Co., Ltd.* (首中投資管理有限公司), a limited liability company established in the PRC, which is held as to approximately 40%, 10.1%, 44.95% and 4.95% by Shougang Fund, Beijing Jianshi Tongxin Management Consultancy Centre* (北京堅石同心管理諮詢中心), Shenzhen Zhongji Investment Co., Ltd.* (深圳市中集投資有限公司) and Sonic Victory Limited, respectively, immediately before completion of the Second Acquisition; |
| “SFO”                    | the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);   |
| “Share(s)”               | ordinary share(s) of the Company;   |
| “Shareholder(s)”         | the holder(s) of the Share(s);  |
| “Shougang Fund”          | Beijing Shougang Funds Co., Ltd.* (北京首鋼基金有限公司), a limited liability company established in the PRC;   |
| “Shougang Group”         | Shougang Group Co., Ltd.* (首鋼集團有限公司), a solely stated-owned company established in the PRC, the holding company of Shougang Holding;  |
| “Shougang Holding”       | Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong, the controlling shareholder of the Company;  |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited;  |
| “Subscription Price”     | HK\$0.225 per Open Offer Share;   |
| “Underwriter”            | Shougang Holding;   |
| “Underwriting Agreement” | the underwriting agreement dated 8 September 2017 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer;  |
| “Underwritten Shares”    | all the Open Offer Shares, less the number of Open Offer Shares which Shougang Holding and its subsidiaries are entitled to subscribe for under the Open Offer;   |

---

## DEFINITIONS

---

“Untaken Shares” (i) the Open Offer Shares offered to the Qualifying Shareholders for which duly completed Application Forms (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first presentation) have not been lodged for acceptance, or received, as the case may be by the Latest Time for Acceptance; and (ii) the Open Offer Shares to which the Non-Qualifying Shareholders would have been entitled had they been Qualifying Shareholders; and

“%” per cent.

\* *For identification purpose only.*

---

## EXPECTED TIMETABLE

---

*The expected timetable for the Open Offer set out below is indicative only and is subject to change. Any consequential change to the expected timetable will be announced by the Company as appropriate.*

|   |                               |
|---|-------------------------------|
| Latest time for acceptance and payment of the Open Offer Shares. . . . .    | 4:00 p.m. on 8 November 2017  |
| Latest time for termination of the Underwriting Agreement. . . . .          | 4:00 p.m. on 9 November 2017  |
| Announcement of the allotment results . . . . .                             | 15 November 2017              |
| Despatch of certificates for Open Offer Shares and refund cheques . . . . . | 16 November 2017              |
| Expected first day of dealings in the Open Offer Shares. . . . .            | 9:00 a.m. on 17 November 2017 |

*Note: All times and dates refer to Hong Kong local times and dates.*

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION OF AND PAYMENT FOR THE OPEN OFFER SHARES**

The Latest Time for Acceptance will not take place if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong:

- (i) at any local time before 12:00 noon and no longer in force after 12:00 noon on 8 November 2017. Instead, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any local time between 12:00 noon and 4:00 p.m. on 8 November 2017. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any local time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected. The Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

---

## LETTER FROM THE BOARD

---



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)

*Directors:*

Mr. Zhang Bingcheng (*Chairman*)  
Mr. Li Shaofeng (*Managing Director*)  
Mr. Ding Rucai (*Deputy Managing Director*)  
Mr. Shu Hong (*Deputy Managing 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*)  
Mr. Leung Kai Cheung (*Independent Non-executive Director*)

*Registered Office:*

7th Floor  
Bank of East Asia  
Harbour View Centre  
56 Gloucester Road  
Wanchai  
Hong Kong

25 October 2017

*To the Shareholders*

Dear Sir or Madam,

**OPEN OFFER ON THE BASIS OF  
ONE OPEN OFFER SHARE FOR EVERY ONE EXISTING SHARE  
HELD ON THE RECORD DATE  
AT HK\$0.225 PER OPEN OFFER SHARE**

**INTRODUCTION**

References are made to the Announcement and the Circular, in which the Company announced that the Board proposed to raise approximately HK\$2,015.5 million before expenses by way of issuing 8,957,896,227 Open Offer Shares at the Subscription Price of HK\$0.225 per Open Offer Share on the basis of one Open Offer Share for every one existing Share held on the Record Date. The Open Offer is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. The Open Offer is fully underwritten by the Underwriter pursuant to the Underwriting Agreement.

At the GM held on 12 October 2017, the necessary resolution in respect of, among other things, the Open Offer, was approved by the Independent Shareholders by way of poll. Shougang Holding and its subsidiaries and their respective associates, holding in aggregate 4,280,469,699 Shares, representing approximately 47.78% of the total number of Shares in issue as at the date of the GM, had abstained from voting at the relevant resolution approving the Open Offer.

---

## LETTER FROM THE BOARD

---

The purpose of this Prospectus is to provide you with further information, among other things, on the Open Offer and certain financial and other general information of the Group.

### THE OPEN OFFER

The details of the Open Offer are set out below:

#### Issue statistics

|   |  |
|---|--|
| Basis of the Open Offer:  | one (1) Open Offer Share for every one (1) existing Share held on the Record Date  |
| Subscription Price:   | HK\$0.225 per Open Offer Share   |
| Number of Shares in issue as at the Latest Practicable Date:                      | 8,957,896,227 Shares   |
| Number of Open Offer Shares:  | 8,957,896,227 Open Offer Shares  |
| Number of Open Offer Shares underwritten by the Underwriter:                      | 4,677,426,528 Open Offer Shares, representing all the Open Offer Shares less the number of Open Offer Shares undertaken to be taken up by the Underwriter (in its capacity as a Shareholder). The Open Offer is fully underwritten |
| Enlarged number of Shares in issue immediately upon completion of the Open Offer: | 17,915,792,454 Shares (assuming there is no change in the number of Shares in issue other than the issue of the Open Offer Shares in the period from the Latest Practicable Date to the date of completion of the Open Offer)      |
| Amount to be raised:  | approximately HK\$2,015.5 million before expenses  |

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

8,957,896,227 Open Offer Shares that will be allotted and issued pursuant to the Open Offer represent (i) 100% of the Company's total number of Shares in issue as at the Latest Practicable Date; and (ii) 50% of the Company's total number of Shares in issue as enlarged by the allotment and issue of the 8,957,896,227 Open Offer Shares immediately after completion of the Open Offer (assuming there is no change in the number of Shares in issue other than the issue of the Open Offer Shares in the period from the Latest Practicable Date to the date of completion of the Open Offer).

---

## LETTER FROM THE BOARD

---

As at the Latest Practicable Date, the Board had not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up their respective Open Offer Shares under the Open Offer, other than Shougang Holding and its subsidiaries under the Underwriting Agreement.

### **Basis of entitlement**

The basis of the provisional entitlement will be one (1) Open Offer Share for every one (1) existing Share held on the Record Date, being 8,957,896,227 Open Offer Shares at the Subscription Price. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Application Form and lodging the same with a remittance for the Open Offer Shares being applied for.

### **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and, to the extent permitted under the relevant laws and regulations and reasonably practicable, (ii) this Prospectus (subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted), for information only, to the Non-Qualifying Shareholders, but will not send any Application Form(s) to the Non-Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must (i) be registered on the register of members of the Company at the close of business on the Record Date; and (ii) not be a Non-Qualifying Shareholder. The last date on which transfers of Shares were accepted for registration for participation in the Open Offer was Tuesday, 17 October 2017.

---

## LETTER FROM THE BOARD

---

### Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Record Date, according to the register of members of the Company, the Company had 6 Overseas Shareholders with registered addresses in three jurisdictions. The table below sets out the number of Overseas Shareholders in each of the three jurisdictions and their aggregate shareholding as at the Record Date:

| <b>Jurisdiction of the registered address of the Overseas Shareholder(s)</b>    | <b>Number of Overseas Shareholder(s)</b> | <b>Number of Shares held in aggregate</b> |
|---|--|---|
| <i>Included in the Open Offer:</i>  |  |   |
| Macau Special Administrative Region of the People's Republic of China ("Macau") | 3  | 72,000                                    |
| <i>Excluded in the Open Offer:</i>  |  |   |
| Canada  | 2  | 8,050                                     |
| Singapore   | 1  | 4,000                                     |
| <b>Sub-total (Overseas Shareholders excluded in the Open Offer)</b>             | <b>3</b>                                 | <b>12,050</b>                             |
| <b>Total (all Overseas Shareholders):</b>                                       | <b>6</b>                                 | <b>84,050</b>                             |

In compliance with the necessary requirements of Rule 13.36(2) of the Listing Rules, the Company has made enquiries with its legal advisers in the relevant jurisdictions regarding the feasibility of extending the Open Offer to the Overseas Shareholders and the requirements of the relevant regulatory body or stock exchange with respect to the offer of the Open Offer Shares to such Overseas Shareholders.

Based on the advice of the legal advisers in Macau, under the applicable laws of the jurisdiction, there is no regulatory restriction or requirement of any regulatory body with respect to extending the Open Offer to the Overseas Shareholders in Macau. Accordingly, the Board is of the view that it is expedient to extend the Open Offer to the Overseas Shareholders having registered addresses in Macau, and such Overseas Shareholders are considered as Qualifying Shareholders. It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Open Offer Shares.

The Company has also obtained the required advice from the legal advisers in Canada that the distribution of the Open Offer Shares to Shareholders in Canada will require either (i) the filing and clearing of a prospectus in compliance with the prospectus requirements under the applicable securities law in Canada, which is a lengthy and costly process; or (ii) the distribution be made under an exemption from the prospectus requirement. The Open Offer can be made under an exemption from the prospectus requirement as a rights offering, provided that the rights offering procedures are complied with, and the

---

## LETTER FROM THE BOARD

---

securities regulators being provided with prior notice and having not objected. The rights offering procedures in Canada include the filing and clearing of a draft rights offering circular prior to sending to shareholders and other requirements, unless an exemption is available from these requirements. A de minimis exemption is available to foreign issuers if the number of beneficial holders in Canada and in any Canadian province, as well as the number of Shares held by them, do not exceed certain limits. However, the de minimis exemption to such requirements would in effect require the Company to ascertain the place of residence of the beneficial owners of all issued Shares. Other exemptions may be available, but they would require the Company to make the same or similar determination. The use of any exemption would in any event involve disclosure and filing requirements in Canada. Having considered the legal restrictions under Canadian laws and the requirements of the relevant regulatory body or stock exchange, the Directors consider that it would be necessary or expedient to exclude the Overseas Shareholders with registered addresses in Canada from the Open Offer due to the time and costs involved in complying with the relevant legal requirements in Canada if the Open Offer were to be made to such Overseas Shareholders in Canada.

The Company has also obtained the required advice from the legal advisers in Singapore that the distribution of the Open Offer Shares to Overseas Shareholders having registered addresses in Singapore will require the Company to comply with the prospectus requirements under the Securities and Futures Act (Cap. 289) of Singapore (the “**Singapore SFA**”). The Singapore SFA provides, amongst other things, that no person shall make an offer of securities unless the offer (i) is made in or accompanied by a prospectus in respect of the offer that is prepared in accordance with the Singapore SFA and that is lodged with and registered by the Monetary Authority of Singapore (the “**Authority**”); and (ii) complies with such requirements as may be prescribed by the Authority. Having considered the legal restrictions under Singaporean laws and the requirements of the relevant regulatory body or stock exchange, the Directors consider that it would be necessary or expedient to exclude the Overseas Shareholders with registered addresses in Singapore from the Open Offer due to the time and costs involved in complying with the relevant legal requirements in Singapore if the Open Offer were to be made to such Overseas Shareholders in Singapore.

Accordingly, the Board has decided not to extend the Open Offer to Overseas Shareholders having registered addresses in Canada and Singapore and the Open Offer does not constitute an offer of securities to such Overseas Shareholders.

The Company will, to the extent reasonably practicable, send copies of this Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Form will be sent to them.

### **Subscription Price**

The Subscription Price of HK\$0.225 per Open Offer Share will be payable in full upon application for the Open Offer Shares under the Open Offer. The Subscription Price represents:

- (a) a discount of approximately 21.05% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 22.95% to the average closing price of HK\$0.292 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

---

## LETTER FROM THE BOARD

---

- (c) a discount of approximately 11.76% to the theoretical ex-entitlement price of HK\$0.255 per Share, based on the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 59.36% to the unaudited consolidated net asset value per Share of approximately HK\$0.5537 based on the latest unaudited net asset value attributable to owners of the Company as at 30 June 2017 and the Shares in issue as at the Latest Practicable Date; and
- (e) a discount of approximately 2.60% to the closing price of HK\$0.231 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, the then prevailing market price of the Shares under the then market conditions of the Shares when the Underwriting Agreement was entered into. The Directors consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Open Offer offers the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholdings in the Company and enables them to participate in the future growth of the Group.

The net price (after deducting the relevant expenses) per Open Offer Share will be approximately HK\$0.2238.

### **Ranking of the Open Offer Shares**

The Open Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Open Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Open Offer Shares in their fully-paid form.

### **Fractions of the Open Offer Shares**

No fractional entitlements to the Open Offer Shares will arise as a result of the Open Offer.

### **Application for the Open Offer Shares**

The Application Form in respect of the entitlement of the Open Offer Shares is enclosed with this Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Open Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Open Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

---

## LETTER FROM THE BOARD

---

### **No application for excess Open Offer Shares**

The Qualifying Shareholders will not be entitled to subscribe for any Open Offer Shares in excess of their respective entitlements. Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, the Company considers that if application for excess Open Offer Shares is arranged, the Company would require to put in additional effort and costs to administer the excess Open Offer Shares application procedures. Accordingly, after arm's length negotiation with the Underwriter, the Board has decided that no excess Open Offer Shares will be offered to the Qualifying Shareholders and any Untaken Shares will be underwritten by the Underwriter. As the related administration costs would be lowered, the Directors consider that the absence of application for excess Open Offer Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Taxation**

The Qualifying Shareholders should consult their professional advisers on the tax implications of the subscribing for, holding or disposal of, or dealings in the Open Offer Shares. It should be noted that none of the Company, the Directors or any parties involved in the Open Offer accepts responsibility for any tax effect or liabilities of holders of the Open Offer Shares resulting from the subscribing for, holding or disposal of, or dealing in the Open Offer Shares.

### **Share certificates or refund cheques for the Open Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Open Offer Shares are expected to be posted by ordinary mail to the Qualifying Shareholders on Thursday, 16 November 2017 at such Shareholders' own risk. If the Open Offer is terminated, refund cheques will be despatched on or before Thursday, 16 November 2017 by ordinary mail at the respective Shareholders' own risk.

### **Application for listing**

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Open Offer Shares. The Open Offer Shares will be traded in the board lots of 2,000 Shares.

Subject to the granting of the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Open Offer 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 Open Offer Shares on the Stock Exchange or such other dates as may be 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 trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

All necessary arrangements will be made to enable the Open Offer Shares in their fully paid form to be admitted into CCASS. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

---

## LETTER FROM THE BOARD

---

Dealings in the Open Offer Shares which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any stock exchange other than the Stock Exchange.

### THE UNDERWRITING ARRANGEMENT

On 8 September 2017 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the underwriting arrangement for the Open Offer. The principal terms of the Underwriting Agreement are as follows:

|                                |   |
|--------------------------------|---|
| Date:                          | 8 September 2017 (after trading hours)  |
| Underwriter:                   | Shougang Holding, which is the controlling shareholder of the Company. As at the Latest Practicable Date, Shougang Holding and its subsidiaries held 4,280,469,699 Shares.  |
| Number of Underwritten Shares: | 4,677,426,528 Open Offer Shares, representing all the Open Offer Shares less the number of Open Offer Shares undertaken to be taken up by the Underwriter (in its capacity as a Shareholder). The Open Offer is fully underwritten. |
| Commission:                    | 1% of the aggregate Subscription Price in respect of the Underwritten Shares to be underwritten.  |

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to, amongst other things, the existing financial position of the Group, the size of the Open Offer, and the then and expected market condition when the Underwriting Agreement was entered into. The Directors consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

As at the Latest Practicable Date, the Underwriter, a controlling shareholder of the Company, and its subsidiaries held in aggregate 4,280,469,699 Shares, representing approximately 47.78% of the total number of Shares in issue.

### Conditions precedent

The obligations of the Underwriter under the Underwriting Agreement are conditional upon satisfaction of the following conditions:

- (a) the passing of the necessary resolution(s) at the GM by the Independent Shareholders to approve the Open Offer (including but not limited to the allotment and issue of the Open Offer Shares) and the transactions contemplated thereunder;

---

## LETTER FROM THE BOARD

---

- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents in compliance with the Listing Rules and the Companies Ordinance on or before the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only, on the Prospectus Posting Date; and
- (d) the listing committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in the Open Offer Shares.

The conditions above cannot be waived. If any of the conditions of the Underwriting Agreement is not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date and time as may be agreed between the Company and the Underwriter, the Underwriting Agreement will terminate and none of the parties shall have any claim against the other party, save for any antecedent breaches. In such case, the Open Offer will not proceed.

### **Termination of the Underwriting Agreement**

The Underwriter is entitled by giving notice in writing to terminate the Underwriting Agreement at any time prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement which comes to the knowledge of the Underwriter; or
- (b) any event occurs or matter arises on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained thereof untrue or incorrect in any material respect and which comes to the knowledge of the Underwriter.

Upon the giving of notice in accordance with the above, the Underwriting Agreement will terminate and the obligations and liabilities of the parties will forthwith cease and determine and no party will have any claim against any other party save for any antecedent breaches. In such case, the Open Offer will not proceed.

### **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

---

## LETTER FROM THE BOARD

---

### REASONS FOR THE OPEN OFFER

The Directors are of the view that the Open Offer will enable the Company to raise funds and provide the Company with the financial flexibility necessary for the Acquisitions, details of which are set out in the Circular, and the Group's future development and investment purposes as and when suitable opportunities arise and improve the Group's overall financial position. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders to participate in the development of the Company in proportion to their shareholdings. To further illustrate, the Group has been putting efforts in strengthening its financial position, including but not limited to raising sufficient funding for the business development of the Group. As such, when formulating the structure of the Open Offer, the Directors had taken into account various factors including but not limited to raising sufficient funds to further develop its principal business, while at the same time, to reduce the level of borrowings of the Group.

In addition, having considered other fund raising alternatives for the Group, such as placing of new Shares or other convertible securities, and taking into account the benefits and cost of each of the alternatives, the Directors consider that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company at the same price and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

In view of the above, the Directors consider the Open Offer is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### CHANGES IN THE SHAREHOLDING STRUCTURE

The table below sets out the shareholding structures of the Company as at the Latest Practicable Date and, for illustrative purpose, under different scenarios immediately after the Open Offer:

| Shareholders   | As at the Latest Practicable Date |                 | Upon completion of the Open Offer (assuming that all Open Offer Shares are subscribed for by all Shareholders) |                 | Upon completion of the Open Offer (assuming that none of the Open Offer Shares are subscribed for by the Shareholders other than Shougang Holding and its subsidiaries) |                 |
|--|-----------------------------------|-----------------|--|-----------------|---|-----------------|
|  | (No. of Shares)                   | (Approximate %) | (No. of Shares)  | (Approximate %) | (No. of Shares)   | (Approximate %) |
| Shougang Holding and its subsidiaries (Note 2)       | 4,280,469,699                     | 47.78           | 8,560,939,398  | 47.78           | 13,238,365,926  | 73.89           |
| CK Hutchison Holdings Limited (“CK Hutchison”)       | 430,274,586                       | 4.80            | 860,549,172  | 4.80            | 430,274,586   | 2.40            |
| CEF Holdings Limited (“CEF”)                         | 25,127,369                        | 0.28            | 50,254,738   | 0.28            | 25,127,369  | 0.14            |
| Mr. Leung Shun Sang, Tony (a non-executive Director) | 7,590,000                         | 0.08            | 15,180,000   | 0.08            | 7,590,000   | 0.04            |
| Other public shareholders                            | 4,214,434,573                     | 47.05           | 8,428,869,146  | 47.05           | 4,214,434,573   | 23.52           |
| <b>Total</b>   | <b>8,957,896,227</b>              | <b>100.00</b>   | <b>17,915,792,454</b>  | <b>100.00</b>   | <b>17,915,792,454</b>   | <b>100.00</b>   |

*Notes:*

- Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- Shougang Holding, CK Hutchison and CEF are a concert group which controlled approximately 52.87% of the voting rights of the Company as at the Latest Practicable Date.

The Executive Director of the Corporate Finance Division of the Securities and Futures Commission has granted a waiver under Note 6(b) to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers from the obligation of Shougang Holding to make a general offer for the Shares not already owned or controlled by it or its concert parties as a result of the performance of its underwriting obligations (if required) under the Underwriting Agreement.

---

## LETTER FROM THE BOARD

---

### Potential dilution effect

The Open Offer will be conducted on the basis of one (1) Open Offer Share for every one (1) existing Share held on the Record Date. The Board considers that any potential dilution impact should be balanced against the following factors:

- (1) Independent Shareholders are given the chance to express their views on the terms of the Open Offer and the Underwriting Agreement through their votes at the GM;
- (2) Qualifying Shareholders have the choice whether to accept the Open Offer or not;
- (3) the Open Offer offers Qualifying Shareholders a chance to subscribe for their pro-rata Open Offer Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the prevailing market price of the Shares; and
- (4) those Qualifying Shareholders who choose to accept the Open Offer in full can maintain their respective existing shareholding interests in the Company after the Open Offer.

Having considered the above, the Board considers the potential dilution effect on the shareholding interests of the Qualifying Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Open Offer Shares, to be acceptable. Having taken into account the terms of the Open Offer, the Directors consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, it also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. Those Qualifying Shareholders who do not take up the Open Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

### USE OF PROCEEDS

The gross proceeds from the Open Offer will be approximately HK\$2,015.5 million before expenses. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be approximately HK\$2,004.5 million.

The Company currently intends to use the net proceeds from the Open Offer as follows:

- (i) approximately 21% of the net proceeds will be used to pay for the consideration and related expenses of the Acquisitions;
- (ii) approximately 6% of the net proceeds will be used to pay for the committed and unpaid capital in respect of the First Sale Shares and the Second Sale Shares;

---

## LETTER FROM THE BOARD

---

- (iii) approximately 20% of the net proceeds will be used to support the future development of the First Target Company and the Second Target Company, such as (a) supporting the further capital investment of the smart car parking lots; and/or (b) investing in minority stake of potential funds; and/or (c) general working capital of the First Target Company and the Second Target Company;
- (iv) approximately 23% of the net proceeds will be used to repay the existing bank loans of the Group;
- (v) approximately 15% of the net proceeds will be used to support the existing operation of the trading business. Given that the existing iron ore trading business relies on the trading loans to finance the time gap between payment to suppliers and receipt from customers, such net proceeds enable the Group to save the finance costs by reducing to utilize the trading loans; and
- (vi) approximately 15% of the net proceeds will be used for future strategic acquisitions complementary to the businesses of the Group and will be used for general working capital and other general corporate purposes of the Group. As at the Latest Practicable Date, save as disclosed above, no acquisition targets had been identified. The Board will explore any potential opportunities which would complement and add synergies to the Group's existing business.

### PROCEDURE FOR APPLICATION AND PAYMENT

For each Qualifying Shareholder, an Application Form is enclosed with this Prospectus which entitles you to subscribe for the number of the Open Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance.

If you, as a Qualifying Shareholder, wish to exercise your right to subscribe for all number of the Open Offer Shares in your entitlement of Open Offer Shares or any number of the Open Offer Shares less than your entitlement of Open Offer Shares to which you are entitled, you must complete, sign and lodge the whole of the Application Form intact in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Wednesday, 8 November 2017 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus). All remittance(s) must be made in Hong Kong dollars. Cheques must be drawn on an account with, or banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Shougang Concord International Enterprises Company Limited – Open Offer Account" and crossed "Account Payee Only" for application for Open Offer Shares.

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by 4:00 p.m. on Wednesday, 8 November 2017 (or, under bad weather conditions, such later date and/or time as mentioned in the section headed "Expected Timetable" in this Prospectus), the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

---

## LETTER FROM THE BOARD

---

All cheques and banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgment of the Application Form together with a cheque or banker's cashier order in payment of the Open Offer Shares being applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. Any Application Form in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlement of Open Offer Shares and all rights thereunder will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the Qualifying Shareholders and is not transferable. No receipt will be issued in respect of any application monies received. If the Underwriting Agreement is terminated before the Latest Time for Termination, the Open Offer will not proceed and the monies received in respect of acceptances of the Open Offer Shares without interest will be returned to the Qualifying Shareholders, by means of cheques crossed "Account Payee Only" to be despatched by ordinary post to their registered addresses and in the case of joint applicants to the registered address of the applicant whose name first appears on the register of members of the Company at their own risk on or before Thursday, 16 November 2017.

Qualifying Shareholders who do not take up the Open Offer Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES**

**The Open Offer is conditional, among others, upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the section headed "Termination of the Underwriting Agreement". Accordingly, the Open Offer may or may not proceed.**

**Shareholders should also note that the Shares have been dealt in on an ex-entitlement basis commencing from Monday, 16 October 2017 and that dealings in such Shares have taken and will take place while the conditions to which the Open Offer and the Underwriting Agreement are subject remain unfulfilled. Any dealing in the Shares up to the date on which all the conditions of the Open Offer and the Underwriting Agreement are fulfilled are subject to the risk that the Open Offer may not become unconditional or may not proceed.**

**Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are advised to consult their professional advisers.**

### **ADDITIONAL INFORMATION**

Your attention is drawn to the information contained in the appendices to this Prospectus.

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

**I. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2014, 2015 AND 2016 AND THE SIX MONTHS ENDED 30 JUNE 2017**

Financial information of the Group for the three years ended 31 December 2014, 2015 and 2016 are disclosed on pages 69 to 200 of the annual report of the Company for the year ended 31 December 2014, pages 70 to 190 of the annual report of the Company for the year ended 31 December 2015 and pages 91 to 224 of the annual report of the Company for the year ended 31 December 2016, all of which are published on the website of the Stock Exchange and the website of the Company. Quick links to the annual reports of the Company are set out below:

Annual report of the Company for the year ended 31 December 2014:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0414/LTN20150414325.pdf>

Annual report of the Company for the year ended 31 December 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0414/LTN20160414418.pdf>

Annual report of the Company for the year ended 31 December 2016:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0412/LTN20170412612.pdf>

Financial information of the Group for the six months ended 30 June 2017 is disclosed on pages 4 to 41 of the interim report of the Company for the six months ended 30 June 2017. Quick link to the interim report of the Company is set out below:

Interim report of the Company for the six months ended 30 June 2017:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0907/LTN20170907552.pdf>

**II. INDEBTEDNESS**

**Borrowing**

As at 31 August 2017, the Group had the borrowings amounting to approximately HK\$461,842,000, details of which are as follows:

|   | <i>HK\$'000</i> |
|---|-----------------|
| <b>Bank borrowings:</b>                     |                 |
| Bank borrowings, unsecured and unguaranteed | 202,594         |
| Bank borrowings, secured and unguaranteed   | 259,248         |
|   | <hr/>           |
|   | 461,842         |
|   | <hr/> <hr/>     |

**Pledge of assets**

As at 31 August 2017, included in the secured bank borrowings of the Group was HK\$102,943,000 in relation to the bill receivables discounted to banks with full recourse as the Group has not transferred the significant risks and rewards in relation to these receivables, it continues to recognise the entire carrying amount of the receivables and has recognised the cash received from the banks as secured bank borrowings.

Apart from the bill receivables, 470,000,000 shares of the Group's listed associate, Shougang Fushan Resources Group Limited were pledged to secure banking facilities granted to the Group.

**Contingent liabilities and guarantees**

As at 31 August 2017, a legal case in relation to a trade dispute carried out by the subsidiary of the Company during the year ended 31 December 2013 in relation to the provision of letter of indemnity to the plaintiff for delivering cargo of iron ore to a customer without production of original bill of lading has been previously finalised by the High Court of Justice Queen's Bench Division Commercial Court, England (the "**Court**"), in which the Court has judged that the subsidiary of the Company is liable to the plaintiff and the Group's customer is liable to the Group, however, the Group has not yet received the official final judgement and the plaintiff has not stated the claimed amount during the proceeding. In addition, the Group is entitled to a back to back indemnity from its customer, the Directors are of the opinion that no provision for this legal case (other than legal costs) has been provided for.

**General**

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 August 2017.

**III. WORKING CAPITAL**

After taking into account of the effect of the Open Offer and the Acquisitions, the financial resources available to the Group, including internally generated funds and available financing facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this Prospectus.

**IV. MATERIAL CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Group were made up.

**V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in trading of iron ore, steel and related products and through investment in two associates listed in Hong Kong, namely Shougang Fushan Resources Group Limited and Shougang Concord Century Holdings Limited, is also engaged in the business of exploration and sales of hard coking coal and manufacture of steel cord for radial tyres and sawing wires; processing and trading of copper and brass products in the PRC.

**For the year ended 31 December 2016 (audited)**

For the year ended 31 December 2016, the Group recorded consolidated turnover from continuing operations of HK\$1,036 million, represented an increase of 148.9% when comparing to HK\$416 million for the year ended 31 December 2015. The improved turnover was mainly due to surge in trading volume of iron ore and the increase in average selling price. Cost of sales from continuing operations for the year was HK\$986 million, up 179.1% when comparing to HK\$353 million last year. Increase in cost of sales was also attributable to the surge in trading volume of iron ore. Gross profit from continuing operations for the year was HK\$49 million. The gross profit margin was 4.8% in this year while it was 15.1% in last year. The decrease in gross profit margin was mainly because in last year, more inventory of medium grade iron ore had been provided by Mount Gibson Iron Limited (“**Mt. Gibson**”) for trading purpose under the offtake agreements entered into with Mt. Gibson, and the agreements include rebate on marketing commission for purchase of iron ore from Mt. Gibson. Besides, trading of medium grade iron ore brought higher gross profit margin than trading of mainstream minerals. Hence, although the Group devoted much effort in procurement from other suppliers so as to drive the trading volume during the year, the gross profit margin in this year was lower than last year as there were more rebates on marketing commission and the trading of special graded iron ore in last year.

The loss attributable to owners of the Company for the year was HK\$1,621 million, which comprised of the loss from continuing operations and discontinued operations in the amount of HK\$476 million and HK\$1,145 million respectively. The loss attributable to owners of the Company for last year was HK\$3,349 million. The substantial decrease in loss was mainly due to the decrease in loss from discontinued operations in the amount of HK\$759 million as well as decrease in impairment loss on the interest in an associate in the amount of HK\$695 million.

As at 31 December 2016, the Group had total cash and bank balances amounting to HK\$561 million whilst total assets of the Group and net assets attributable to owners of the Company were approximately HK\$5,847 million and HK\$4,705 million, respectively.

The Group’s gearing ratio as at 31 December 2016 was 1.2%. The gearing ratio was defined as total bank borrowings (HK\$617 million), net of cash and bank balances to shareholders’ fund.

**For the six months ended 30 June 2017 (unaudited)**

The Group recorded consolidated turnover from continuing operations of HK\$1,306 million for the six months ended 30 June 2017, represented an increase of 173.2% when comparing to HK\$478 million for the six months ended 30 June 2016. The increase in turnover was mainly due to surge in trading volume of iron ore and the increase in average selling price. Cost of sales from continuing operations for the period was HK\$1,295 million, up 192.6% when comparing to HK\$443 million in the same period last year. Increase in cost of sales was also attributable to the surge in trading volume of iron ore. Gross profit from continuing operations for the period was HK\$11 million. The gross profit margin was 0.9% in this period, while it was 7.4% in the same period last year. The reason of the decrease in gross profit margin was similar to that for the decrease from the year ended 31 December 2015 to the year ended 31 December 2016. The gross profit margin in this period was lower as no iron ore was supplied by Mt. Gibson to the Group during the period, while there was still some medium grade of iron ore trading supplied by Mt. Gibson in the same period last year.

The profit attributable to owners of the Company for this period was HK\$142 million, whereas it was a loss of HK\$926 million in the same period last year. The turnaround from loss to profit in this period was mainly attributable to (i) the completion of the disposal of Qinhuangdao business in late 2016. The loss attributable to the discontinued operations of Qinhuangdao business amounted to HK\$541 million in the same period last year whereas no such loss was incurred in this period; (ii) the impairment loss of HK\$257 million on the goodwill in relation to the investment in Shougang Fushan Resources Group Limited was made in the same period last year, whereas no such loss was made in this period; and (iii) the substantial improvement in the results of the Group's associates. The Group shared a profit of HK\$179 million from its associates in this period as compared to the share of losses of HK\$114 million in the same period last year.

As at 30 June 2017, the Group had total cash and bank balances amounting to HK\$241 million whilst total assets of the Group and net assets attributable to owners of the Company were approximately HK\$5,826 million and HK\$4,960 million, respectively.

The Group's gearing ratio as at 30 June 2017 was 7.0%. The gearing ratio was defined as total bank borrowings (HK\$588 million), net of cash and bank balances to shareholders' fund.

**Prospects**

After the major reorganisation of the Group at the end of 2016 and upon the disposal of traditional steel business at Qinhuangdao, the Group currently focuses on trading of iron ore imported by the PRC. The Group achieved a turnaround in its first half-yearly results after the reorganisation. However, suffering from the weakening demand, iron ore trading business encountered difficulties as the traditional back to back trading of mainstream minerals generated only little profit to the Group. The Group started to utilise hedging tools of iron ore future/swap to hedge the operational risks of iron ore trading business. The Group will continue to adjust its business model to accommodate the changing market conditions. In April 2017, Mt. Gibson announced its restoration plan of Koolan Island mine and the sale of iron ore is expected to resume at the beginning of 2019. Under the offtake agreements entered into between the Group and Mt. Gibson, purchase of iron ore of Koolan Island mine includes rebate on marketing commission. Thus, the restoration of Koolan Island mine is expected to generate further profit for the Group in the future.

Although the Group's financial performance has been improved by the disposal of the entire interest in the Group's Qinhuangdao business, management considers that it is necessary to explore new business opportunities to diversify the business risk and to strengthen the current financial position of the Group.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after the completion of the Open Offer.

### I. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 30 June 2017.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company had the Open Offer been completed as at 30 June 2017 or at any future date.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017 and adjusted to reflect the effect of the Open Offer:

|   |  | Unaudited pro<br>forma adjusted<br>consolidated net<br>tangible assets<br>of the Group<br>attributable<br>to the<br>owners of the<br>Company after<br>the completion<br>of Open Offer<br>as at 30 June<br>2017 | Unaudited pro<br>forma adjusted<br>consolidated net<br>tangible assets<br>of the Group<br>attributable to<br>the owners of<br>the Company as<br>at 30 June 2017<br>after the<br>completion of<br>Open Offer<br>per Share |
|---|--|--|--|
| Consolidated net<br>tangible assets<br>of the Group<br>attributable to<br>the owners of<br>the Company<br>as at<br>30 June 2017 | Estimated net<br>proceeds from<br>the Open Offer | Consolidated net<br>tangible assets<br>of the Group<br>attributable to<br>the owners of<br>the Company as<br>at 30 June 2017<br>per Share  | Consolidated net<br>tangible assets<br>of the Group<br>attributable to<br>the owners of<br>the Company as<br>at 30 June 2017<br>per Share  |
| HK\$'000<br>(Note 1)  | HK\$'000<br>(Note 2)                             | HK\$'000   | HK\$<br>(Note 3)   |
| Based on 8,957,896,227<br>Open Offer Shares at<br>Subscription Price of<br>HK\$0.225  |  |  |  |
| 4,959,640   | 2,004,467  | 6,964,107  | 0.55   |
|   |  |  | 0.39   |

*Notes:*

1. The consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017 of approximately HK\$4,959,640,000 is based on the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2017, as extracted from the published condensed consolidated financial statements of the Group for the six months ended 30 June 2017.
2. The estimated net proceeds from the Open Offer are based on 8,957,896,227 Open Offer Shares to be issued at the Subscription Price of HK\$0.225 per Open Offer Share, after deduction of the related expenses of approximately HK\$11,060,000 and without taking into account of any Shares which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Shares which may be issued or repurchased pursuant to the Company's general mandate.
3. The consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017 before the completion of Open Offer per Share was approximately HK\$0.55, which was based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017 of HK\$4,959,640,000 and 8,957,896,227 Shares in issue as at 30 June 2017.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2017 after the completion of Open Offer per Share is calculated based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after the completion of Open Offer of approximately HK\$6,964,107,000 and 17,915,792,454 Shares (on the basis that there were 8,957,896,227 Shares in issue as at 30 June 2017 and 8,957,896,227 Open Offer Shares were issued under the Open Offer assuming that the Open Offer has been completed on 30 June 2017 but takes no account of any Shares which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Shares which may be issued or repurchased pursuant to the Company's general mandate.
5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any operating results or other transactions of the Group entered into subsequent to 30 June 2017.

*The following is the text of the report dated 25 October 2017, prepared for the sole purpose of inclusion in this Prospectus, received from the independent reporting accountants, Deloitte Touche Tohmatsu, in respect of the Unaudited Pro Forma Financial Information of the Group.*

## II. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

# Deloitte.

# 德勤

### TO THE DIRECTORS OF SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shougang Concord International Enterprises Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2017, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 25 October 2017 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed open offer (the “**Open Offer**”) on the basis of one Open Offer Share (as defined in the Prospectus) for every one existing share held on the Record Date (as defined in the Prospectus) at HK\$0.225 per Open Offer Share on the Group’s financial position as at 30 June 2017 as if the proposed Open Offer had taken place at 30 June 2017. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s condensed consolidated financial statements for the six months ended 30 June 2017, on which a review report have been published.

#### **Directors’ Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
25 October 2017

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

## 2. SHARE CAPITAL

The number of issued Shares (i) as at the Latest Practicable Date was; and (ii) immediately following completion of the Open Offer (assuming there is no change to the number of Shares in issue other than the issue of the Open Offer Shares in the period from the Latest Practicable Date to the date of completion of the Open Offer) will be as follows:

(i) As at the Latest Practicable Date:

|                           |                      |                   |
|---------------------------|----------------------|-------------------|
| Issued and fully paid up: | 8,957,896,227 Shares | HK\$5,345,183,055 |
|---------------------------|----------------------|-------------------|

(ii) Upon completion of the Open Offer:

|                           |                       |  |
|---------------------------|-----------------------|--|
| Issued and fully paid up: | 17,915,792,454 Shares | HK\$7,349,650,000<br>(taking into account of the<br>estimated net proceeds from<br>the Open Offer) |
|---------------------------|-----------------------|--|

No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any stock exchange other than the Stock Exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived. As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, no shares, options, warrants, conversion rights or any equity or debt securities of the Company was outstanding or was proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital, except for the Open Offer Shares.

Since 31 December 2016, the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, no Shares had been allotted and issued by the Company.

### 3. DIRECTORS

#### Executive Directors

**Mr. Li Shaofeng**, aged 50, holds a bachelor degree in Automation from University of Science and Technology Beijing. Mr. Li was appointed an Executive Director and the Managing Director of the Company in May 2010 and is the chairman of the Executive Committee and a member of the Remuneration Committee of the Company. He joined Shougang Group, the holding company of Shougang Holding, in 1989 and is the managing director of Shougang Holding and a director of each of Grand Invest International Limited (“**Grand Invest**”) and China Gate Investments Limited (“**China Gate**”). Each of Shougang Holding, Grand Invest and China Gate is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Li is the chairman of each of Shougang Fushan Resources Group Limited (“**Shougang Resources**”) and Shougang Concord Century Holdings Limited (“**Shougang Century**”) and an executive director of BeijingWest Industries International Limited (“**BeijingWest International**”). He is also a non-executive director of Mount Gibson Iron Limited, a company listed on the Australian Securities Exchange. Mr. Li was the chairman of the board of directors of each of Shougang Concord Grand (Group) Limited (“**Shougang Grand**”) and Global Digital Creations Holdings Limited (“**GDC**”) from May 2010 to June 2017. He was also a director of Shougang Concord Technology Holdings Limited (now known as HNA Holding Group Co. Limited) (“**HNA Holding**”) from May 2010 to December 2014 and a director of China Dynamics (Holdings) Limited (“**China Dynamics**”) from October 2007 to November 2015. All of Shougang Grand, GDC, HNA Holding and China Dynamics are listed companies in Hong Kong. Mr. Li has extensive experience in management of, and investments in, listed companies, sino-foreign joint ventures and steel industry.

**Mr. Ding Rucai**, aged 52, senior engineer in professor grade, Mr. Ding graduated from the School of Metallurgical and Ecological Engineering of the University of Science and Technology Beijing with a master degree in ferrous metallurgy. Thereafter, he studied senior business administration in The University of Warwick, United Kingdom. Mr. Ding obtained a doctor of philosophy in ferrous metallurgy from the School of Metallurgical and Ecological Engineering of the University of Science and Technology Beijing. He was appointed an Executive Director and a Deputy Managing Director of the Company in September 2014 and is a member of the Executive Committee of the Company. Prior to this, Mr. Ding held various senior positions in the Group. He joined Shougang Group, the holding company of Shougang Holding, in 1989 and thereafter held various senior positions in the group of Shougang Group. Mr. Ding is the deputy managing director of Shougang Holding, and a director of each of Grand Invest and China Gate. Each of Shougang Holding, Grand Invest and China Gate is a substantial shareholder of the Company within the meaning of Part XV of the SFO. He is the vice chairman and managing director of Shougang Resources. Mr. Ding has extensive experience in production management of steel industry, project management, import of iron ore, import trading of coking coal resources and shipping management.

**Mr. Shu Hong**, aged 47, holds a bachelor degree in engineering and a master degree in business administration. Mr. Shu was appointed an Executive Director and a Deputy Managing Director of the Company in December 2015 and is a member of the Executive Committee of the Company. He joined Shougang Group, the holding company of Shougang Holding, in 1993 and worked in various companies under Shougang Group. Mr. Shu has extensive experience in company operation and management.

**Non-executive Directors**

**Mr. Zhang Bingcheng**, aged 53, holds a bachelor degree and a master degree in engineering. Mr. Zhang was appointed a Non-executive Director and the Chairman of the Company in August 2016 and is the chairman of the Nomination Committee of the Company. He joined Shougang Group, the holding company of Shougang Holding which is a substantial shareholder of the Company within the meaning of Part XV of the SFO, in 1989 and worked in various companies under Shougang Group. Mr. Zhang is the chairman of certain subsidiaries of Shougang Holding. Mr. Zhang has extensive experience in company operation and management.

**Mr. Leung Shun Sang, Tony**, aged 74, holds a bachelor degree of commerce from The Chinese University of Hong Kong and a master degree in business administration from New York State University. Mr. Leung was appointed a Non-executive Director of the Company in November 1992 and is a member of each of the Remuneration Committee and the Nomination Committee of the Company. He is also a non-executive director of each of Shougang Resources, Shougang Century, Shougang Grand, GDC and HNA Holding. Mr. Leung had worked in Citibank N.A. and W. I. Carr Sons & Co. (Overseas) in his early years and he was the managing director of CEF Group. He has extensive experience in securities and banking business, investment, financial markets, corporate strategy and corporate management.

**Independent Non-executive Directors**

**Ms. Kan Lai Kuen, Alice**, aged 63, is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the CPA Australia and an associate member of The Hong Kong Institute of Certified Public Accountants. She is also a fellow member of the Hong Kong Institute of Directors. Ms. Kan was appointed an Independent Non-executive Director of the Company in September 2004 and is the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Company. Ms. Kan held various senior positions in international and local banks and financial institutions and is currently a controlling shareholder and the managing director of Asia Investment Management Limited, a licensed corporation under the SFO. Ms. Kan is licensed as a responsible officer of Asia Investment Management Limited under the SFO. She is also an independent non-executive director of each of Regal Hotels International Holdings Limited, Shimao Property Holdings Limited, China Energin International (Holdings) Limited, Cosmopolitan International Holdings Limited and Mason Group Holdings Limited, all of which are listed companies in Hong Kong. Ms. Kan is an independent director of AVIC International Maritime Holdings Limited, a company listed on the Catalist Board of Singapore Exchange Securities Trading Limited. Ms. Kan is well experienced in corporate finance including both the equity and debt markets.

**Mr. Wong Kun Kim**, aged 72, holds a bachelor degree in economics, a master degree in business administration and a doctorate of philosophy. He is a member of the Chartered Institute of Marketing and Chartered Management Institute. Mr. Wong was appointed an Independent Non-executive Director of the Company in September 2004 and is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company. Mr. Wong is licensed as a responsible officer of Asia Investment Management Limited under the SFO. He has over 40 years of experience working as senior executives for various multinational corporations engaged in trading, manufacturing, finance and real estates. Mr. Wong had served as consultants and directors for different listed companies in Mainland China, Hong Kong, Taiwan and United States of America.

**Mr. Leung Kai Cheung**, aged 71, graduated from The Chinese University of Hong Kong with a bachelor degree in business. Mr. Leung was appointed an Independent Non-executive Director of the Company in June 2006 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. He is also an independent non-executive director of each of BeijingWest International, Hong Kong International Construction Investment Management Group Co., Limited and HNA Holding. Mr. Leung had been a senior executive of Citibank, N.A., the general manager of Barclays Bank PLC in charge of Kowloon and New Territories districts and was the chairman of Star International Enterprises Limited. Mr. Leung has extensive financial knowledge and business management experience and is familiar with the business environment of both Hong Kong and Mainland China and the operation of listed companies.

#### 4. INTERESTS OF DIRECTORS

##### (a) Interests in shares, underlying shares and debentures of the Company and its associated companies

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

##### (i) Long positions in the Shares

| Name of Director         | Capacity in which interests were held | Securities class | Number of Shares | Total interests as to% of the total number of Shares in issue as at the Latest Practicable Date |
|--------------------------|---------------------------------------|------------------|------------------|---|
| Leung Shun Sang,<br>Tony | Beneficial owner                      | Ordinary         | 7,590,000        | 0.08%   |

(ii) *Long positions in the shares and underlying shares of Shougang Century, an associated corporation of the Company*

| Name of Director         | Capacity in which interests were held | Securities class | Number of shares/underlying shares in Shougang Century |                       |                 | Total interests as to % of the total number of shares of Shougang Century in issue as at the Latest Practicable Date |
|--------------------------|---------------------------------------|------------------|--|-----------------------|-----------------|--|
|                          |                                       |                  | Interests in Shares                                    | Derivative interests* | Total interests |  |
| Li Shaofeng              | Beneficial owner                      | Ordinary         | 7,652,000  | 13,800,000            | 21,452,000      | 1.11%  |
| Leung Shun Sang,<br>Tony | Beneficial owner                      | Ordinary         | 7,652,000  | 12,000,000            | 19,652,000      | 1.02%  |

\* The interests are unlisted physically settled options.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor any of their spouse or minor children was granted or held options to subscribe for shares in the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised such rights.

**(b) Interests in assets**

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

**(c) Interests in contracts or arrangements**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this Prospectus and which is significant in relation to the business of the Group.

**(d) Directors' service contracts**

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

**(e) Competing business**

As at the Latest Practicable Date, the interests of the Directors in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

| <b>Name of Director</b> | <b>Name of entity whose businesses were considered to compete or likely to compete with the businesses of the Group</b> | <b>Description of businesses of the entity which were considered to compete or likely to compete with the businesses of the Group</b> | <b>Nature of interest of the Director in the entity</b> |
|-------------------------|---|---|---|
| Zhang Bingcheng         | Shougang Holding Trade (Hong Kong) Limited and Shougang International Trade (Hong Kong) Limited                         | Trading of iron ore and steel products  | Director  |
| Li Shaofeng             | Shougang Holding <sup>#</sup>   | Trading of iron ore and steel products  | Director  |
| Ding Rucai              | Shougang Holding <sup>#</sup>   | Trading of iron ore and steel products  | Director  |
| Shu Hong                | Ultimate Century Investments Limited <sup>#</sup>   | Trading of iron ore and steel products  | Director  |

<sup>#</sup> Such businesses may be carried out through the subsidiaries or associates of the entity concerned or by way of other forms of investments.

## 5. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following companies had interests in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

*Long positions in the shares/underlying shares of the Company*

| Name of shareholder                                 | Capacity in which interests were held                  | Number of shares/underlying shares | Interests as to % of the total number of Shares in issue | Note(s) |
|---|--|------------------------------------|--|---------|
| Shougang Group                                      | Interests of controlled corporations                   | 13,238,365,926                     | *73.89%  | 1, 2    |
| Shougang Holding                                    | Beneficial owner, interests of controlled corporations | 13,238,365,926                     | *73.89%  | 1, 2    |
| China Gate Investments Limited (“China Gate”)       | Beneficial owner                                       | 5,515,659,548                      | *30.79%  | 1, 3    |
| Grand Invest International Limited (“Grand Invest”) | Beneficial owner                                       | 1,536,681,530                      | *8.58%   | 1, 4    |
| CK Hutchison Holdings Limited (“CK Hutchison”)      | Interests of controlled corporations                   | 455,401,955                        | #5.08%   | 5       |
| Cheung Kong (Holdings) Limited (“Cheung Kong”)      | Interests of controlled corporations                   | 455,401,955                        | #5.08%   | 5       |

*Notes:*

- Shougang Group indicated in its disclosure form dated 12 September 2017 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 8 September 2017, its interests included the interests held by Shougang Holding, China Gate and Grand Invest respectively, all were wholly-owned subsidiaries of Shougang Group.
- These interests include 4,280,469,699 Open Offer Shares which Shougang Holding shall procure the acceptance of the Open Offer Shares to be allotted to it and to its subsidiaries in full and 4,677,426,528 Open Offer Shares which Shougang Holding has agreed to underwrite under the Underwriting Agreement.
- These interests include 2,757,829,774 Open Offer Shares which Shougang Holding shall procure the acceptance of the Open Offer Shares to be allotted to China Gate in full pursuant to the Underwriting Agreement.
- These interests include 768,340,765 Open Offer Shares which Shougang Holding shall procure the acceptance of the Open Offer Shares to be allotted to Grand Invest in full pursuant to the Underwriting Agreement.

5. CK Hutchison indicated in its disclosure form dated 23 March 2015 (being the latest disclosure form filed up to the Latest Practicable Date) that as at 18 March 2015, 430,274,586 Shares were held by two wholly-owned subsidiaries of Cheung Kong and 25,127,369 Shares were held by CEF Holdings Limited which in turn was held as to 50% by Cheung Kong. Cheung Kong was in turn wholly-owned by CK Hutchison. The long position in the 455,401,955 Shares held by CK Hutchison and Cheung Kong were the same block of Shares.
- \* The percentage of interests is calculated based on the number of Shares in issue as enlarged by the issue of the Open Offer Shares.
- # The percentage of interests is calculated based on the number of Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, each of Mr. Li Shaofeng and Mr. Ding Rucai was a director of each of Shougang Holding, China Gate and Grand Invest. Each of Shougang Holding, China Gate, Grand Invest, CK Hutchison and Cheung Kong had interests in the Shares which fell to be disclosed under Divisions 2 and 3 of Part XV of the SFO, details of which are set out above. Save as disclosed in this paragraph, none of the Directors or proposed Director was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and/or underlying shares of the Company which fell to be disclosed under Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

## 6. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinions or advices which are contained in this Prospectus:

| Name                     | Qualification                |
|--------------------------|------------------------------|
| Deloitte Touche Tohmatsu | Certified Public Accountants |

As at the date of this Prospectus, Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report dated the date of this Prospectus and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2016, being the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest audited financial statements of the Company were made up.

## 8. LITIGATION

During the ordinary course of business in December 2013, a subsidiary of the Group engaged a charterer of a vessel to transport a cargo of iron ores to its customer in China and issued a letter of indemnity (“**LOI**”) to the charterer for delivering the cargo to the Group’s customer without production of the original bill of lading (the “**Bill of Lading**”). The provision of the LOI was the prevailing market practice in the trading of iron ore. The goods were subsequently sold to a final buyer after several sales and purchases not in relation to the Group afterwards. The issuing bank for the letter of credit issued for the final buyer (“**Issuing Bank**”) honoured the payment to the seller under the letter of credit. The final buyer went into bankruptcy afterwards. The Issuing Bank was therefore not reimbursed. As the final buyer has not paid the cargo proceeds to the Issuing Bank, the Issuing Bank was the lawful holder of the Bill of Lading. However, the Issuing Bank found that the goods were taken by the final buyer without presenting the Bill of Lading. The Issuing Bank appealed to the Qingdao Maritime Court (“**Qingdao Court**”) to arrest the vessel. The vessel owner paid approximately USD10.3 million to secure the release of the vessel. The vessel owner in turn sued the charterer for the security deposit paid and the charterer reimbursed to the vessel owner. In turn, the charterer sued the Group’s subsidiary which had engaged it to carry on the transportation services. This legal case has been presented to the High Court of Justice Queen’s Bench Division Commercial Court, England (“**High Court**”). At the same time, the Group sued its customer for the same amount for the reimbursement claim according to the back-to-back indemnity claim. This legal case in High Court was finalised and it was judged that the Group is liable to the charterer and its customer is liable to the Group. As at the Latest Practicable Date, no official final judgement has been received by the Group. As the legal case between the Issuing Bank and the vessel owner in Qingdao Court is still under proceeding, the amount claimed by the vessel owner is not yet known. The Directors are of the opinion that it is unlikely the Group would have any liability on this case and in addition, the Group is entitled to an indemnity from its customer pursuant to the LOI issued by the customer. Save as disclosed above, so far as the Company is aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

**9. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this Prospectus and are or may be material:

- (a) the agreement dated 3 October 2016 entered into between the Company and Shougang Holding Bonds Limited, a wholly-owned subsidiary of Shougang Holding, in respect of the disposal of the entire issued share capital of Ultimate Century Investments Limited by the Company at a consideration of HK\$1.00. Please refer to the announcements of the Company dated 3 October 2016 and 30 December 2016 and the circular of the Company dated 18 November 2016 for details;
- (b) the master agreement dated 3 October 2016 entered into between the Company and Shougang Corporation (now known as Shougang Group) dated 3 October 2016 in respect of the purchase of iron ore, steel and related products by the Group from Shougang Corporation and/or its associates for a term of three years commencing from 1 January 2017 and ending on 31 December 2019. Please refer to the announcements of the Company dated 3 October 2016 and 30 December 2016 and the circular of the Company dated 18 November 2016 for details;
- (c) the agreement dated 8 September 2017 between the First Purchaser and Shougang Fund under which the First Purchaser agreed to acquire 95% of the equity interest in the First Target Company. Please refer to the Announcement and the Circular for details;
- (d) the agreement dated 8 September 2017 between the Second Purchaser and Shougang Fund under which the Second Purchaser agreed to acquire 40% of the equity interest in the Second Target Company. Please refer to the Announcement and the Circular for details;
- (e) the agreement dated 8 September 2017 entered into between the Company and Shougang Fund in respect of the provision of private fund management services by the Group to Shougang Fund and/or its associates. Please refer to the Announcement and the Circular for details; and
- (f) the Underwriting Agreement.

**10. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE OPEN OFFER**

|   |   |
|---|---|
| Registered office and principal place of business in Hong Kong: | 7th Floor<br>Bank of East Asia<br>Harbour View Centre<br>56 Gloucester Road<br>Wanchai<br>Hong Kong |
|---|---|

|                                |   |
|--------------------------------|---|
| Legal advisers to the Company: | <i>As to Hong Kong law:</i><br><br>Sidley Austin<br>39/F., Two International Finance Centre<br>8 Finance Street Central<br>Hong Kong  |
| Auditors:                      | Deloitte Touche Tohmatsu<br><i>(Certified Public Accountants)</i><br>35/F One Pacific Place<br>88 Queensway<br>Hong Kong  |
| Principal bankers:             | Bank of China (Hong Kong) Limited<br>9/F., Bank of China Tower<br>1 Garden Road<br>Hong Kong<br><br>China Construction Bank Corporation,<br>Hong Kong Branch<br>26/F., CCB Tower<br>3 Connaught Road Central<br>Hong Kong<br><br>China CITIC Bank International Limited<br>80/F., International Commerce Centre<br>1 Austin Road West<br>Kowloon<br>Hong Kong<br><br>DBS Bank Ltd, Hong Kong Branch<br>18/F., The Center,<br>99 Queen's Road<br>Central<br>Hong Kong<br><br>Fubon Bank (Hong Kong) Limited<br>13/F., Fubon Bank Building<br>38 Des Voeux Road Central<br>Hong Kong<br><br>Shanghai Pudong Development Bank Co., Ltd.,<br>Hong Kong Branch<br>24/F., Bank of America Tower<br>12 Harcourt Road<br>Central<br>Hong Kong |

|                             |   |
|-----------------------------|---|
| Share registrar:            | Tricor Tengis Limited<br>Level 22, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong  |
| Authorised representatives: | Li Shaofeng<br>Cheng Man Ching  |
| Company secretary:          | Ms. Cheng Man Ching<br><i>a fellow member of each of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and an associate member of the Hong Kong Institute of Bankers</i> |

## 11. EXPENSES

The expenses in connection with the Open Offer, including underwriting commission and other related expenses are estimated to be approximately HK\$11.1 million, which are payable by the Company from the Open Offer proceeds.

## 12. MISCELLANEOUS

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) The English text of this Prospectus shall prevail over their Chinese texts in case of inconsistency.

## 13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "6. Expert and Consent" in this Appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 38D of the Companies Ordinance.

## 14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance, so far as applicable.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours (i.e. from 9:30 a.m. to 5:00 p.m. on Monday to Friday (except public holidays) on any Business Day at the registered office of the Company at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, from the date of this Prospectus up to and including the first day of dealings in the Open Offer Shares:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for years ended 31 December 2014, 2015 and 2016;
- (c) the interim report of the Company for the six months ended 30 June 2017;
- (d) the assurance report on the unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this Prospectus;
- (e) the written consent referred to in the paragraph headed “6. Expert and Consent” in this Appendix;
- (f) the material contracts referred to in the section headed “9. Material Contracts” in this Appendix;
- (g) the service contracts of the Directors;
- (h) the Circular; and
- (i) the Prospectus Documents.