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**首長四方（集團）有限公司\***  
**SHOUGANG CONCORD GRAND (GROUP) LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 730)

**MAJOR AND CONNECTED TRANSACTION**

On 21 November 2018 (after trading hours), SCG Investment (a wholly owned subsidiary of the Company), as vendor, entered into the Sale and Purchase Agreement with Shougang Holding, as purchaser, in relation to the Restructuring by way of disposal of Upper Nice, which holds 619,168,023 shares, representing approximately 40.78% equity interests, of Global Digital Creations Holdings Limited (Stock Code: 8271), at a consideration of HK\$154,792,005.75.

**LISTING RULES IMPLICATIONS**

As at the date of the Sale and Purchase Agreement, Shougang Holding is the controlling shareholder of the Company under the Listing Rules. Accordingly, the Restructuring constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. Given the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Purchase Agreement exceeds 25% but is below 75%, the entering into of the Sale and Purchase Agreement constitutes (i) a non-exempt connected transaction of the Company under 14A of the Listing Rules; and (ii) a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

**GRANT OF WAIVER**

The Restructuring may lead to a general offer for all the shares of GDC under the Takeovers Code by Shougang Holding unless otherwise waived by the Executive. As informed by Shougang Holding, (i) Shougang Holding applied to the Executive for a waiver to dispense with the obligation to make a mandatory general offer for the shares of GDC not already owned or agreed to be acquired by it pursuant to Rule 26.1 of the Takeovers Code as a result of the Restructuring; and (ii) the said waiver was granted by the Executive pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code on 2 November 2018.

## **GENERAL**

A SGM will be convened by the Company for the purposes of considering and, if thought fit, approving the Sale and Purchase Agreement and the transaction contemplated thereunder. Save for Shougang Holding and any of its associates, to the best of the Directors' knowledge, none of the Shareholders is required to abstain from voting on the relevant resolutions regarding the entering into of the Sale and Purchase Agreement at the SGM. Save for Mr. Xu Liang and Mr. Liu Dongsheng (being Directors that are nominated by Shougang Holding), none of the Directors had abstained from voting on the board resolutions approving the entering into of the Sale and Purchase Agreement.

An Independent Board Committee has been established to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder are fair and reasonable, whether the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole, and how to vote at the SGM in respect of the entering into of the Sale and Purchase Agreement.

Messis Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular containing, among others, (i) further details on the Sale and Purchase Agreement; (ii) a letter from the Independent Board Committee containing its advice and recommendations in respect of the entering into of the Sale and Purchase Agreement; (iii) a letter from MESSIS Capital containing its advice and recommendations in respect of the entering into of the Sale and Purchase Agreement; and (iv) a notice convening the SGM will be dispatched to the Shareholders on or before 12 December 2018 to allow sufficient time for the preparation of the relevant information for inclusion therein.

**Completion of the Sale and Purchase Agreement is subject to the fulfilment of the respective conditions precedent thereto, and accordingly may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

The Board is pleased to announce that on 21 November 2018 (after trading hours), SCG Investment (a wholly owned subsidiary of the Company), as vendor, entered into the Sale and Purchase Agreement with Shougang Holding, as the purchaser, pursuant to which SCG Investment conditionally agreed to sell, and Shougang Holding conditionally agreed to purchase, the entire issued share capital of Upper Nice, which holds 619,168,023 shares, representing approximately 40.78% equity interests, of Global Digital Creations Holdings Limited (Stock Code: 8271) at the consideration of HK\$154,792,005.75.

**Principal terms of the Sale and Purchase Agreement are set out below:**

<b>Date of signing</b>	21 November 2018
<b>Parties</b>	(i) SCG Investment (a wholly owned subsidiary of the Company), (the vendor);  (ii) Shougang Holding (the purchaser)
<b>Assets to be disposed of</b>	the entire issued share capital of Upper Nice, which holds 619,168,023 shares, representing approximately 40.78% equity interests, of Global Digital Creations Holdings Limited (Stock Code: 8271)
<b>Consideration</b>	HK\$154,792,005.75, amounting to HK\$0.25 per share, which represents:  (i) a premium of approximately 25.00% over the closing price of HK\$0.200 per share as quoted on the Stock Exchange on the Last Trading Day;  (ii) a premium of approximately 31.58% over the average closing price of approximately HK\$0.190 per share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day; and  (iii) a premium of approximately 32.98% over the average closing price of approximately HK\$0.188 per share based on the daily closing prices as quoted on the Stock Exchange for the 20 trading days up to and including the Last Trading Day.

**Payment** Shougang Holding pays or causes to be paid the consideration by electronic transfer of funds on Completion Date

**Conditions Precedent** Completion of the Sale and Purchase Agreement is conditional upon the satisfaction of the following:

- (a) the approval from the Shareholders (other than Shougang Holding and its associates, who are required to abstain from voting) of the Sale and Purchase Agreement and the transaction contemplated thereunder having been obtained at the SGM in accordance with the Listing Rules and such approval remaining valid and effective;
- (b) the approval from Shougang Group of the Sale and Purchase Agreement and the transaction contemplated thereunder which has been granted by Shougang Group prior to the date of the Sale and Purchase Agreement remaining valid and effective and not having been revoked by Shougang Group; and
- (c) the waiver from the obligation to make a mandatory general offer under Rule 26.1 of the Takeovers Code as a result of the transaction contemplated under the Sale and Purchase Agreement, which has been granted by the SFC to Shougang Holding prior to the date of the Sale and Purchase Agreement remaining valid and effective and not having been revoked by the SFC.

**Termination** If the conditions precedent set out above have not been satisfied on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other, save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

**Completion** Completion of the Sale and Purchase Agreement is expected to take place on the Completion Date. Upon completion, Upper Nice will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial results of the Group.

## INFORMATION ON THE ASSETS TO BE RESTRUCTURED

The assets to be disposed of under the Sale and Purchase Agreement is the entire issued share capital of Upper Nice, which is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, Upper Nice is an investment holding company and has no operations other than its holding of 619,168,023 shares, representing approximately 40.78% equity interests, of GDC.

GDC is a company incorporated under the laws of Bermuda, a company listed on the GEM board of the Stock Exchange (Stock Code: 8271). GDC is principally engaged in production services of animated films and television dramas. As at the date of this announcement, GDC has in issue 1,518,255,540 shares, and Mr. Xu Liang (the chairman of the Company) is an executive director of GDC.

Set out below is certain financial information of GDC:

	<b>For the year ended 31 December</b>		<b>For the six months ended 30 June</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	(audited)	(audited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before tax	(89,692)	(22,917)	17,895
Profit (loss) after tax	(95,294)	(24,015)	11,023
Net assets	845,226	875,755	875,332

## BASIS OF PRICING

The terms of the Sale and Purchase Agreement are determined by arm's length negotiations between SCG Investment and Shougang Holding after taking into account of, among other things, the following factors:

- (i) the market value of the assets to be disposed of; and
- (ii) the net asset value of the GDC.

## **INFORMATION ON THE PARTIES**

SCG Investment is a company incorporated with limited liability in the British Virgin Islands, and a wholly-owned subsidiary of the Company. SCG Investment is an investment holding company, holding the entire issued share capital of Upper Nice.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of (i) financial services and investments, and (ii) property investment and management.

Shougang Holding is a company incorporated under the laws of Hong Kong with limited liability, and whose holding company is Shougang Group, a company established in the PRC. Shougang Group is a state-owned enterprise wholly-owned by Beijing Holders of State-owned Capital Management Centre(北京國有資本經營管理中心)which is in turn wholly-owned by Beijing Municipal People's Government State-owned Assets Supervision and Administration Commission (北京市國有資產監督管理委員會).

Shougang Group is one of the largest steel production enterprises in the PRC and is principally engaged in a wide range of business including steel and iron production, overseas business, property development, mining resources and other businesses. As at the date of this announcement, Shougang Holding and its associates are interested in 2,025,736,972 Shares, representing approximately 50.53% of the total number of Shares in issue.

## **FINANCIAL EFFECTS OF THE RESTRUCTURING**

Subject to potential adjustments and audit, it is expected that the Group will record a gain or a loss on the Restructuring, being the difference between the consideration and the carrying value of the 40.78% equity interest of GDC as at the Completion Date, under the other comprehensive income (expense). However, the carrying value of GDC on completion date and the related amount of gain or loss can only be determined after completion of the Restructuring and review by the Group's auditors. For illustration purpose only, with reference to the carrying value of GDC in the Group and the closing market price of GDC at the date of this announcement, the Group will record a gain on the Restructuring at the completion of the Restructuring as if the proposed restructuring had been completed at the date of this announcement.

Shareholders should note that the actual gain or loss on the Restructuring may be different from the above illustration and will be determined based on, among other things, the financial position of the GDC on the Completion Date and the review by the Group's auditors upon finalisation of the consolidated financial statements of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE RESTRUCTURING**

As disclosed in the rights issue prospectus dated 8 October 2018, the Group will focus on the development of innovative financial services industry and continues to explore financial engineering projects in relation to the integration of supply chain networks with third parties leveraging on the Group's knowledge in various industries and accessibility to bank financing and capital markets. The business development of the Group and the existing business of GDC and its subsidiaries are not complimentary from a strategic perspective. The implementation of the Restructuring would enable the Group to effectively consolidate its asset portfolio, as well as progression in executing such strategy. The Board (other than the independent non-executive Directors who will form their view after considering the advice of the Independent Financial Advisors) considers that the terms of the Restructuring are fair and reasonable and in the interests of the Shareholders as a whole.

## **INTENDED USE OF THE SALE PROCEEDS**

In line with the Group's business development strategies, the Group intends to use the net proceeds from the Restructuring for the purpose of the Group's financing of the potential transactions involving financial services and supply chain financing with independent third parties announced on 31 October 2018 as they develop and materialize (as appropriate) and working capital.

## **LISTING RULES IMPLICATIONS**

As at the date of the Sale and Purchase Agreement, Shougang Holding is the controlling shareholder of the Company. Accordingly, the Restructuring constitutes a connected transaction for the Company for the purpose of Chapter 14A of the Listing Rules. Given the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Purchase Agreement exceeds 25% but is below 75%, the entering into of the Sale and Purchase Agreement constitutes (i) a non-exempt connected transaction of the Company under 14A of the Listing Rules; and (ii) a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

## **GENERAL**

A SGM will be convened by the Company for the purposes of considering and, if thought fit, approving the Sale and Purchase Agreement and the transaction contemplated thereunder. Save for Shougang Holding and any of its associates, to the best of the Directors' knowledge, none of the Shareholders is required to abstain from voting on the relevant resolutions regarding the entering into of the Sale and Purchase Agreement at the SGM. Save for Mr. Xu Liang and Mr. Liu Dongsheng (being Directors that are nominated by Shougang Holding), none of the Directors had abstained from voting on the board resolutions approving the entering into of the Sale and Purchase Agreement.



An Independent Board Committee has been established to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transaction contemplated thereunder are fair and reasonable, whether the entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole, and how to vote at the SGM in respect of the entering into of the Sale and Purchase Agreement.

Messis Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular containing, among others, (i) further details on the Sale and Purchase Agreement; (ii) a letter from the Independent Board Committee containing its advice and recommendations in respect of the entering into of the Sale and Purchase Agreement; (iii) a letter from MESSIS Capital containing its advice and recommendations in respect of the entering into of the Sale and Purchase Agreement; and (iv) a notice convening the SGM will be dispatched to the Shareholders on or before 12 December 2018 to allow sufficient time for the preparation of the relevant information for inclusion therein.

**Completion of the Sale and Purchase Agreement is subject to the fulfilment of the respective conditions precedent thereto, and accordingly may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	(a) day(s) (excluding Saturdays, Sundays and days on which a tropical cyclone warning No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong and the British Virgin Islands
“Company”	Shougang Concord Grand (Group) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange



“Completion Date”	the second Business Day following the date on which the conditions precedent are fulfilled or such other date as may be agreed by the parties
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“GDC”	Global Digital Creations Holdings Limited, a company incorporated under the laws of Bermuda, the issued shares of which are listed on the GEM board of the Stock Exchange (Stock Code: 8271)
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company (comprising all the independent non-executive Directors) established to advise the Independent Shareholders in respect of the entering into of the Sale and Purchase Agreement
“Independent Financial Adviser” or “Messis Capital”	Messis Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into of the Sale and Purchase Agreement
“Independent Shareholders”	all Shareholders, other than Shougang Holding and its associates, and those who have a material interest in the Sale and Purchase Agreement
“Last Trading Day”	21 November 2018, being the last trading day prior to the issue of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the day falling 180 days after the date of the Sale and Purchase Agreement or such other date as may be agreed between the parties
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Restructuring”	the Restructuring by way of disposal of the entire issued share capital of Upper Nice, as contemplated in the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the Sale and Purchase Agreement entered into between SCG Investment and Shougang Holding, in relation to the Restructuring at the consideration of HK\$154,792,005.75, dated 21 November 2018
“SCG Investment”	SCG Investment (BVI) Limited, a company incorporated with limited liability in the British Virgin Islands
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting to be convened by the Company for the purposes of considering and, if thought fit, approving the Sale and Purchase Agreement and the transaction contemplated thereunder
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shougang Group”	Shougang Group Co., Ltd., a state-owned enterprise 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
“Takeover Code”	the Codes on Takeovers and Mergers and Share Buy-backs promulgated by the SFC as amended, supplemented or otherwise modified from time to time
“Upper Nice”	Upper Nice Assets Ltd., a company incorporated with limited liability in the British Virgin Islands
“%”	per cent.

By order of the Board  
**Shougang Concord Grand (Group) Limited**  
**Xu Liang**  
*Chairman*

Hong Kong, 21 November 2018

*As at the date of this announcement, the Board comprises Mr. Xu Liang (Chairman); Mr. Liu Dongsheng (Managing Director); Mr. Huang Donglin (Non-executive Director); Mr. Tam King Ching, Kenny (Independent Non-executive Director); Mr. Yip Kin Man, Raymond (Independent Non-executive Director); Mr. Fei Jianjiang (Independent Non-executive Director) and Mr. Wan Siu Wah, Wilson (Independent Non-executive Director).*

\* *For identification purposes only*