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**首長國際企業有限公司**  
**SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 697)**

**CONTINUING CONNECTED TRANSACTION  
OPERATION RIGHT TRANSFER AGREEMENT**

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On 11 January 2019, Shouxing Zhixing (an indirect wholly-owned subsidiary of the Company) and Shouzhong Parking entered into the Operation Right Transfer Agreement, pursuant to which Shouzhong Parking agreed to transfer to Shouxing Zhixing the operation right in relation to the convenience facilities and advertising spaces located in two parking buildings in Beijing Daxing International Airport.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shouzhong Parking is owned as to approximately 48.125% by the Company (through Shouzhong Investment) and as to approximately 50.625% by Shougang Fund, a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 52.54% of the total number of Shares in issue as at the date of this announcement and is therefore a controlling shareholder of the Company. Therefore, Shouzhong Parking is a connected person of the Company. Accordingly, the entering into of the Operation Right Transfer Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Operation Right Transfer Agreement on an annual basis calculated with reference to the annual caps exceed 0.1% but are less than 5%, the Operation Right Transfer Agreement is subject to the announcement, reporting and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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which Shouzhong Parking agreed to transfer to Shouxing Zhixing the operation right in relation to the convenience facilities and advertising spaces located in two parking buildings in Beijing Daxing International Airport.

The principal terms of the Operation Right Transfer Agreement are as follows:

**Date**

11 January 2019

**Parties**

- (1) Shouzhong Parking (as transferor); and
- (2) Shouxing Zhixing (as transferee)

**Subject Matter**

Shouzhong Parking agreed to transfer to Shouxing Zhixing the operation right in relation to the convenience facilities and advertising spaces located in two parking buildings in Beijing Daxing International Airport.

**Term**

The initial term of the Operation Right Transfer Agreement shall be three years starting from 11 January 2019 to 10 January 2022.

Upon expiry of the initial term, Shouxing Zhixing shall be entitled to, subject to applicable Listing Rules, extend the term of the Operation Right Transfer Agreement for another three years, up to and until expiry of 20 years starting from the beginning of the initial term of the Operation Right Transfer Agreement. Where the period for extension is less than three years, the term of the Operation Right Transfer Agreement shall be extended for such remaining period up to and until expiry of 20 years starting from the beginning of the initial term of the Operation Right Transfer Agreement.

In the event that Shouxing Zhixing decides to extend the term of the Operation Right Transfer Agreement, the Company will comply with applicable Listing Rules and make further announcement and/or obtain Shareholders' approval as and when appropriate in accordance with applicable Listing Rules.

In the event that Shouzhong Parking or Shouxing Zhixing decides not to extend the term of the Operation Right Transfer Agreement upon expiry of the then effective period, such party shall notify the other party in writing not less than three months prior to the expiry of the then effective period.

**Transfer Fee**

In consideration of the transfer of the operation right in relation to the convenience facilities and advertising spaces located in two parking buildings in Beijing Daxing International Airport, Shouxing Zhixing shall pay to Shouzhong Parking an annual transfer fee representing

70% of the annual revenue generated from operation of such convenience facilities and advertising spaces.

The percentage of the annual transfer fee is determined upon arm's length negotiation between Shouzhong Parking and Shouxing Zhixing.

### **Payment Term**

The annual transfer fee for the period from 11 January of each year to 10 January of the following year shall be paid no later than 30 April of such following year.

### **Proposed Annual Caps**

The proposed annual caps for the maximum annual transfer fee to be paid by Shouxing Zhixing to Shouzhong Parking pursuant to the Operation Right Transfer Agreement shall be as follows:

	<b>From 11 January 2019 to 10 January 2020 (HK\$)</b>	<b>From 11 January 2020 to 10 January 2021 (HK\$)</b>	<b>From 11 January 2021 to 10 January 2022 (HK\$)</b>
Annual Transfer Fee	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>

The proposed caps for the annual transfer fee are determined by reference to (i) the estimated annual revenue to be generated during the initial term of the Operation Right Transfer Agreement and (ii) the existing business network and resources and the financial performance of the Group.

In the event the annual transfer fee is likely to reach the proposed annual caps, the parties shall comply with applicable Listing Rules and cooperate with the Company to obtain all necessary approvals and authorization in relation to the Operation Right Transfer Agreement and the transaction contemplated thereunder. In the event the Company fails to obtain any such necessary approval or authorization, the Operation Right Transfer Agreement shall be terminated with effect from the date when the annual transfer fee reaches the proposed annual caps.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE OPERATION RIGHT TRANSFER AGREEMENT**

Reference is made to the announcement of the Company dated 30 December 2018. Shouzhong Parking was established in November 2016 by Shougang Fund, Shouzhong Investment and Gonglian Anda in connection with Beijing Daxing International Airport Parking Building Project and has been engaged in operation and management of airport parking buildings. On 30 December 2018, Shouxing Zhixing and Shouzhong Parking, among others, entered into a capital increase agreement, pursuant to which Shouxing Zhixing agreed to make a contribution to the registered capital of Shouzhong Parking. If such capital increase agreement is completed, the Company (through Shouzhong Investment and Shouxing Zhixing), Shougang Fund and Gonglian Anda will hold approximately 66.045%, 33.136% and 0.818% of the equity interest in Shouzhong Parking, respectively.

The Directors are of the view that the Operation Right Transfer Agreement and the transaction contemplated thereunder will strengthen the Group's business of car parking facilities and investment operation in the PRC with a focus on smart car parking market and to expand the Group's investment and operation of airport parking building in the future.

The Operation Right Transfer Agreement and the transaction contemplated thereunder will create synergies by capitalising on the strengths of Shouzhong Parking and Shouxing Zhixing on their respective expertise, enabling Shouzhong Parking to focus on its business in management of motor vehicle parking and Shouxing Zhixing to further develop other business opportunities derived from management of motor vehicle parking. The cooperation between Shouzhong Parking and Shouxing Zhixing will enhance the Group's capabilities in comprehensive management of public transport infrastructure projects and provision of better services to large-scale international airports in relation to operation of motor vehicle parking and management of convenience facilities and advertising business. Benefiting from business collaboration between Shouzhong Parking and Shouxing Zhixing, the Group will be able to lay solid foundation for future development of its car parking business in respect of public transport infrastructure projects in the PRC.

## **INFORMATION ON THE PARTIES INVOLVED**

### **Shouzhong Parking**

Shouzhong Parking, principally engaged in management of motor vehicle parking, is a joint venture company established in November 2016 under the laws of the PRC with limited liability. As at the date of this announcement, the Company (through Shouzhong Investment), Shougang Fund and Gonglian Anda hold approximately 48.125%, 50.625% and 1.25% of the equity interest in Shouzhong Parking, respectively. On 30 December 2018, a capital increase agreement was entered into between, among others, Shouxing Zhixing and Shouzhong Parking, pursuant to which Shouxing Zhixing agreed to make a contribution to the registered capital of Shouzhong Parking. If such capital increase agreement is completed, the Company (through Shouzhong Investment and Shouxing Zhixing), Shougang Fund and Gonglian Anda will hold approximately 66.045%, 33.136% and 0.818% of the equity interest in Shouzhong Parking, respectively.

### **Shouxing Zhixing and the Group**

Shouxing Zhixing, principally engaged in the investments in areas where foreign investment is permitted by laws of the PRC, is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company.

The Group mainly focuses on the management and operations of car parking assets and management of private funds that are oriented towards urban redevelopment.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shouzhong Parking is owned as to approximately 48.125% by the Company (through Shouzhong Investment) and as to approximately 50.625% by Shougang Fund, a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 52.54% of the total number of Shares in issue as at the date of this announcement and is therefore a

controlling shareholder of the Company. Therefore, Shouzhong Parking is a connected person of the Company. Accordingly, the entering into of the Operation Right Transfer Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Operation Right Transfer Agreement on an annual basis calculated with reference to the annual caps exceed 0.1% but are less than 5%, the Operation Right Transfer Agreement is subject to the announcement, reporting and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang and Mr. Liang Hengyi, by virtue of their connection with Shougang Group, have abstained from voting in respect of the relevant resolution proposed at the Board meeting to approve the Operation Right Transfer Agreement and the transaction contemplated thereunder. Save as disclosed above, each of the Directors has confirmed that he has no material interests in the Operation Right Transfer Agreement and the transaction contemplated thereunder.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the Operation Right Transfer Agreement and the transaction contemplated thereunder are conducted on arm's length basis and on normal commercial terms in the ordinary and usual course of business of the Company and are in the interest of the Company and the Shareholders as a whole.

## DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Shougang Concord International Enterprises Company Limited (stock code: 697), a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Gonglian Anda”	Beijing Gonglian Anda Car Parking Management Co., Ltd.* (北京公聯安達停車管理有限公司), a company established in the PRC with limited liability;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Operation Right Transfer Agreement”	the operation right transfer agreement dated 11 January 2019 entered into between Shouzhong Parking and Shouxing Zhixing in relation to the transfer of the operation right in relation to the convenience facilities and advertising spaces located in two parking buildings of Beijing Daxing International Airport, as amended and supplemented by the supplemental memorandum dated 11 January 2019 entered into between Shouzhong Parking and Shouxing Zhixing;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shougang Fund”	Beijing Shougang Fund Co., Ltd.* (北京首鋼基金有限公司), a company established in the PRC with limited liability;
“Shougang Group”	Shougang Group Co., Ltd.* (首鋼集團有限公司), a state-owned company established in the PRC, the controlling shareholder of the Company;
“Shouxing Zhixing”	Beijing Shouxing Zhixing Investment Co., Ltd.* (北京首興智行投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Shouzhong Investment”	Shouzhong Investment Management Co., Ltd.* (首中投資管理有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Shouzhong Parking”	Beijing Shouzhong Car Parking Management Co., Ltd.* (北京首中停車管理有限公司), a company established in the PRC with limited liability;

“Stock Exchange”                      The Stock Exchange of Hong Kong Limited;  
“subsidiary(ies)”                      has the meaning ascribed to it under the Listing Rules; and  
“%”    per cent.

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

Hong Kong, 11 January 2019

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

*\* For identification only.*