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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)

CONNECTED TRANSACTION
ENTERING INTO OF FUND SUBSCRIPTION AGREEMENT

Reference is made to the Previous Announcement.

The Board is pleased to announce that on 24 July 2018, the Company conditionally entered into the Fund Subscription Agreement with Shoushi Company (as general partner of the Partnership) pursuant to which, the Company (or its designated subsidiary) conditionally agreed to participate in the Partnership as a limited partner for a capital commitment of RMB135 million and to enter into the Proposed Partnership Agreement.

As at the date of this announcement, Shoushi Company is a non wholly-owned subsidiary of the Company. As set out in more details in the Previous Announcement, Shoushi Company and Shougang Fund entered into the Existing Partnership Agreement on 13 July 2018 for the establishment of the Partnership, namely, 北京首獅銘智瑾信經濟諮詢企業（有限合夥）(Beijing Shoushi Ming Zhi Jin Xin Economic Consulting Firm (Limited Partnership)*). The Partnership shall participate and invest in Shouao Industrial Park which is located in the vicinity of the heart of Shougang Park. Accordingly, on 13 July 2018, the Company also entered into a strategic investment agreement with Shoushi Company, pursuant to which, the Company intends to act as a limited partner to make capital contribution of not more than RMB300 million to the Partnership.

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 51.856% of the total number of Shares in issue as at the date of this announcement and is a controlling shareholder and a connected person of the Company.

Pursuant to the Fund Subscription Agreement, the Company (or its designated subsidiary) shall enter into the Proposed Partnership Agreement with Shoushi Company (as general partner), together with Shougang Fund and any further investors as limited partners for investment in the Partnership. Accordingly, the entering into of the Fund Subscription Agreement and the Proposed Partnership Agreement will constitute connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Company's capital commitment under the Fund Subscription Agreement when aggregated with the Previous Transactions are more than 5% but less than 25%, the entering into of the Fund Subscription Agreement and subsequently the Proposed Partnership Agreement by the Company (or its designated subsidiary) are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASON FOR THE PARTNERSHIP

Reference is made to the Previous Announcement.

The Partnership is established to support the development of 新首鋼高端產業綜合服務區 (New Shougang High-end Industry Comprehensive Service Park*) (“**Shougang Park**”), which covers an area of 8.63 square kilometers and is the only area in Beijing that allows large-scale and closely-grouped development. The development and construction of Shougang Park serves as a major strategy to optimise the function of the capital, to adjust the planning of major productive forces, and to promote the coordinated development of the population, resources, as well as the environment in the capital.

In preparation for the Games, Shougang Group seized the opportunity of the moving-in of the Organising Committee for the Games (the “**Organising Committee**”) by building a sports industry demonstration zone of the highest world-class standard based on the construction of winter sports stadium facilities of the General Administration of Sports of China.

首奧產業園區 (Shouao Industrial Park*) is the area where preparation of the Games is made and the national sports industry demonstration zone is built. The project consists of six parcels of land, with a total planned gross floor area of approximately 167,240 square meters. The Shouao Industrial Park project is to provide the Organising Committee with offices and ancillary premises for training, as well as to develop itself as an influential industrial park in the PRC by introducing internationally well-known sports industry leaders, cultural and creative enterprises and technology innovation companies. Through leasing and operation, the Partnership will deliver good supporting services to the Games Training Center and the Organising Committee, so as to enhance the capability of integration, innovation and international communication of, and to optimise industrial structure in the region.

In the Beijing Urban Master Plan (2016-2035), the municipal government of Beijing expressly states that “Shougang Park is the demonstration zone for green transformation and upgrading of traditional industries, high-end industrial innovative highland in Beijing-west, post-industrial, cultural, sports and creative base. Enhancement of the protection and utilization of industrial remains, focus on the construction of the northern area of Shougang's traditional industrial area, construction of the demonstration zone for the national sports industry”, and the Shouao Industrial Park project is located at the relatively core position of the northern area of Shougang Park. Upon completion and operation of the Shouao Industrial Park project, the Partnership is expected to receive a decent return from such project.

Accordingly, on 13 July 2018, the Company also entered into a strategic investment agreement with Shoushi Company, pursuant to which, the Company intends to act as a limited partner to make capital contribution of not more than RMB300 million to the Partnership.

For further details, please refer to the Previous Announcement.

THE FUND SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 24 July 2018, the Company conditionally entered into the Fund Subscription Agreement with Shoushi Company (as the general partner of the Partnership) to participate in the Partnership as a limited partner (or its designated subsidiary) for a capital commitment of RMB135 million. Subject to the Independent Shareholders' approval at the GM of the Fund Subscription Agreement, the Proposed Partnership Agreement and the transactions contemplated thereunder, the Company (or its designated subsidiary) shall further enter into the Proposed Partnership Agreement with Shoushi Company, Shougang Fund and other limited partners (if any).

THE PROPOSED PARTNERSHIP AGREEMENT

Shoushi Company will act as the general partner and the executive partner of the Partnership, responsible for the management, control, decision-making and operation of the Partnership.

Subject to the Independent Shareholders' approval of the Fund Subscription Agreement and the Proposed Partnership Agreement to be entered into, the Company (or its designated subsidiary), as a limited partner, will participate in the investment of the Partnership together with Shougang Fund and other limited partners (if any) and support the development of Shougang Park.

INFORMATION ON THE GROUP AND THE PARTIES TO THE PROPOSED PARTNERSHIP AGREEMENT

The Group is principally engaged in (i) the business of car parking facilities and investment operation in the PRC with a focus on smart car parking market; (ii) the business of provision of private fund management services in the PRC; and (iii) trading of iron ore, steel and related products.

Shoushi Company is a non wholly-owned subsidiary of the Company principally engaged in enterprise management advisory and economic information advisory (excluding investment advisory).

Shougang Fund is principally engaged in the investment, management and advisory of non-securities businesses. Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 51.856% of the total number of Shares in issue as at the date of this announcement and is a controlling shareholder and a connected person of the Company.

PARTNERSHIP

The Partnership has a term for six years. Shoushi Company as the general partner has the sole discretion to extend the term of the Partnership twice, each time for one year. The term of the Partnership, if it has already been extended for two years, may be further extended for one year by holding a partners' meeting. The initial first year of the duration of existence shall be the investment period. Depending on the operation needs of the Partnership, Shoushi Company as the general partner may, at its sole discretion, extend the investment period for one year for one time only. The investment period shall be extended accordingly upon occurrence of force majeure event during that period.

The Partnership shall invest in the Shouao Industrial Park project through a project company to be established and controlled directly or indirectly by it. The Partnership shall be principally engaged in enterprise management advisory (for projects subject to approval pursuant to the laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)

The subscribing for interest in the Partnership through entering into of the Fund Subscription Agreement and the Proposed Partnership Agreement is in the ordinary and usual course of business of the Group. At the Board meeting approving the Fund Subscription Agreement and the Proposed Partnership Agreement, Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang and Mr. Liang Hengyi have abstained from voting as they may be considered to be interested in the transactions under the Fund Subscription Agreement and the Proposed Partnership Agreement. Other Directors (including the independent non-executive Directors) consider that the Fund Subscription Agreement has been and the Proposed Partnership Agreement will be entered into on normal commercial terms, such terms are fair and reasonable so far as the Company and the Shareholders are concerned and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

CAPITAL CONTRIBUTION TO THE PARTNERSHIP

The Company's committed capital contribution to the Partnership shall be RMB135 million, which shall be paid by the Company (or its designated subsidiary). The interest holding of the Partnership will be as follows upon investment by the Company:

	Amount to be contributed RMB	Percentage interest in the Partnership (approximate)
Shougang Fund	900,000,000	86.12%
Shoushi Company	10,000,000	0.96%
The Company (or its designated subsidiary)	135,000,000	12.92%
Total	<u>1,045,000,000</u>	<u>100%</u>

Note: As at the date of this announcement, Shougang Fund and Shoushi Company are the only limited partner and general partner of the Partnership, respectively.

Shoushi Company is committed to contributing RMB10 million under the Partnership Agreement. When the committed capital contribution of the Partnership shall be increased by way of introduction of additional limited partners, separate legal documents will be signed. If necessary, Shoushi Company will be committed to making further capital contribution upon completing internal decision-making process and complying with the relevant requirements (including but not limited to the Listing Rules).

MANAGEMENT OF THE PARTNERSHIP

The Partnership, Shoushi Company (as the general partner) and the Fund Managers shall enter into an entrusted management agreement. Jingji Capital and Shanghai Shiwei shall act as joint Fund Managers, providing management services to the Partnership. Among them, Jingji Capital shall be the chief manager (the “**Chief Manager**”) of the Partnership and Shanghai Shiwei shall be the associate manager (the “**Associate Manager**”) of the Partnership.

Jingji Capital is a wholly-owned subsidiary of the Company.

Shanghai Shiwei is a subsidiary of Tishman Speyer Properties, L.P., which in turn is a renowned U.S. company that invests in and manages commercial properties.

MANAGEMENT FEE

Every year, the Partnership shall pay the Chief Manager and the Associate Manager a total of 1% of its committed capital contribution as management fee.

FUNDRAISING SERVICE FEE

The Partnership shall pay Shoushi Company (as the general partner) and/or its designated financial adviser(s), if any, a fundraising service fee in a total amount not exceeding 1% of its total committed capital contribution.

PROFIT DISTRIBUTION

The Partnership shall distribute its profits in the following order:

- (i) to all of its partners (including Shoushi Company) up to their respective paid-in capital contribution amount;
- (ii) to all of its partners (including Shoushi Company) until they achieve an annual rate of return of 9% to their respective paid-in capital contribution amount; and
- (iii) the remaining distributable cash shall be distributed as to 80% to all of its limited partners in accordance with their respective paid-in capital contribution amount, and as to 20% to Shoushi Company (as the general partner), respectively.

IMPLICATIONS UNDER THE LISTING RULES

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 51.856% of the total number of Shares in issue as at the date of this announcement and is a controlling shareholder and a connected person of the Company.

Pursuant to the Fund Subscription Agreement, the Company (or its designated subsidiary) shall enter into the Proposed Partnership Agreement with Shoushi Company (as general partner), together with Shougang Fund and any further investors as limited partners for investment in the Partnership. Accordingly, the entering into of the Fund Subscription Agreement and the Proposed Partnership Agreement will constitute connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Company’s capital commitment under the Fund Subscription Agreement when aggregated with the Previous Transactions are more than 5% but less than 25%, the entering into of the Fund Subscription Agreement and subsequently the Proposed Partnership Agreement by the Company (or its designated subsidiary) are subject to announcement, reporting and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Fund Subscription Agreement and the Proposed Partnership Agreement are subject to the Independent Shareholders’ approval at the GM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Fund Subscription Agreement, the Proposed Partnership Agreement and the transactions contemplated thereunder. The Company will appoint an independent financial adviser as soon as practicable to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Fund Subscription Agreement and the Proposed Partnership Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Fund Subscription Agreement, the Proposed Partnership Agreement and the transactions contemplated thereunder; and (iii) a notice convening the GM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or about 14 August 2018.

DEFINITIONS

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

- “%” per cent;
- “associate(s)” has the meaning ascribed to it under the Listing Rules;

“Beijing Shize”	北京獅澤投資管理有限公司(Beijing Shize Investment and Management Co., Ltd.*), a limited liability company established in the PRC and a subsidiary of Tishman Speyer Crown Equities 2007 L.L.C.;
“Board”	the board of Directors;
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Existing Partnership Agreement”	the partnership agreement dated 13 July 2018 between Shougang Fund and Shoushi Company in relation to the establishment of the Partnership, the material terms of which are set out in the Previous Announcement;
“Fund Mangers”	Jingji Capital and Shanghai Shiwei;
“Fund Subscription Agreement”	the fund subscription agreement dated 24 July 2018 between the Company and Shoushi Company in relation to Company’s participation in the Partnership as a limited partner (directly or through its designated subsidiary) for a capital commitment of RMB135 million, subject to the Independent Shareholders’ approval at the GM;
“Games”	the 2022 Olympic and Paralympic Winter Games;
“GM”	a general meeting to be held by the Company to, among others, approve the Fund Subscription Agreement, the Proposed Partnership Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Board Committee”	an independent Board committee comprising all independent non-executive Directors, which has been formed to advise the Independent Shareholders on the Fund Subscription Agreement, the Proposed Partnership Agreement and transactions contemplated thereunder;
“Independent Shareholders”	shareholders of the Company other than Shougang Group and its respective associates;
“Jingji Capital”	京冀協同發展示範區（唐山）基金管理有限公司 (Beijing-Hebei Co-development Exhibition Zone (Tangshan) Fund Management Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Partnership”	北京首獅銘智瑾信經濟諮詢企業（有限合夥） (Beijing Shoushi Ming Zhi Jin Xin Economic Consulting Firm (Limited Partnership*)), the limited partnership established in the PRC pursuant to the terms of the Existing Partnership Agreement;
“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;
“Previous Announcement”	the Company’s announcement dated 13 July 2018 in respect of the establishment of the Partnership;

“Previous Transactions”	<p>the transactions in relation to (i) the agreement dated 12 February 2018 among Jingji Capital, Shougang Fund, 曹妃甸金融發展集團有限公司 (Caofeidian Financial Development Group Co., Ltd.*) and 招商證券資產管理有限公司 (China Merchants Securities Assets Management Co., Ltd.*) for the establishment of 京冀曹妃甸協同發展示範區基金一期 (Beijing-Hebei Caofeidian Co-development Exhibition Zone Fund I*) for the investment in 京冀曹妃甸協同發展示範區 (Beijing-Hebei Caofeidian Co-development Exhibition Zone*); (ii) the agreement dated 28 March 2018 among 黑龍江首和創業投資管理企業 (有限合夥) (Heilongjiang Shouhe Venture Capital Limited Partnership*), Shougang Fund, 黑龍江省科力高科技產業投資有限公司 (Heilongjiang Keli High Technology Industry Investment Co., Ltd.*) and 哈爾濱創業投資集團有限公司 (Harbin Venture Capital Group Co., Ltd.*) for the establishment of 黑龍江首科振興基金合夥企業 (有限合夥) (Heilongjiang Shouke Revitalization Fund Limited Partnership*); (iii) the agreement dated 8 May 2018 between Jingji Capital and Shougang Group for the establishment of 北京首鋼產業轉型基金有限公司 (Beijing Shougang Industry Transformation Fund Co., Ltd.*); and (iv) the Existing Partnership Agreement dated 13 July 2018 between Shoushi Company and Shougang Fund for the establishment of the Partnership. For details, please refer to the Company’s announcements dated 12 February 2018, 28 March 2018, 8 May 2018 and 13 July 2018 respectively;</p>
“Proposed Partnership Agreement”	<p>the partnership agreement to be entered into among the Company (or its designated subsidiary), Shoushi Company (as general partner), Shougang Fund and other limited partners (if any) upon approval by Independent Shareholders at the GM;</p>
“RMB”	<p>Renminbi, the lawful currency of the PRC;</p>
“Shanghai Shiwei”	<p>上海獅威投資諮詢有限公司 (Shanghai Shiwei Investment Advisory Co., Ltd.*) (and/ or its wholly-owned subsidiary, 上海獅耀投資諮詢有限公司 (Shanghai Shiyao Investment Advisory Co., Ltd.*)), a limited liability company established in the PRC and a subsidiary of Tishman Speyer Properties, L.P.;</p>
“Shareholder(s)”	<p>holder(s) of the Shares;</p>
“Shares”	<p>ordinary shares of the Company;</p>

“Shougang Fund”	北京首鋼基金有限公司(Beijing Shougang Fund Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of Shougang Group;
“Shougang Group”	首鋼集團有限公司(Shougang Group Co., Ltd.*), a state-owned enterprise established in the PRC;
“Shoushi Company”	北京首獅管理諮詢有限公司(Beijing Shoushi Management Advisory Co., Ltd.*), a limited liability company established in the PRC which is held by Jingji Capital and Beijing Shize as to 60% and 40%, respectively, and a non wholly-owned subsidiary of the Company as at the date of this announcement; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 24 July 2018

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 and Mr. Ho Gilbert Chi Hang 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 purpose only*