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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

FRAMEWORK AGREEMENT IN RELATION TO FORMATION OF FUNDS

On 12 August 2018, the Company, Jingji Capital and Shougang Fund entered into the Framework Agreement in relation to the formation of the Funds.

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 of the Company. Shougang Fund is a wholly-owned subsidiary of Shougang Group, and is accordingly a connected person of the Company.

As the applicable percentage ratios in respect of the Group's capital commitment under the Framework Agreement, when aggregated with the Previous Transactions, are more than 5% but less than 25%, the entering into of the Framework Agreement constitutes a discloseable transaction and a connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, respectively. As such, the entering into of the Framework Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT

The Funds shall be established for the purpose of supporting the further expansion of the Company's fund management business. The continued expansion of the Company's fund management business scale will contribute to an increase in fund management fee income and profit distribution from fund management.

The Funds will mainly invest in the operation and management of the Company's principal business, i.e. car parks, and the renovation of old parks. The Funds shall boost the Company's development in the car park operation business by seeking potential opportunities for car park facilities, while vigorously participating in the establishment and investment of industrial park funds based on the construction of Shougang industrial park.

Furthermore, the Company also considers to establish and invest in equity investment funds, which will facilitate the Company to remove barriers between upstream and downstream industrial chains in the process of expansion for car parking operations and urban redevelopment in the future. Meanwhile, the Funds will also focus on the investments in health care based consumer upgrades, new energy auto parts and equipment manufacturing, as well as advanced technologies.

In line with the Previous Transactions, the Group expects to attract additional third parties as investors to the Funds. Such third party investors may include a variety of reputable investors, including local governments, state-owned enterprises, professional financial institutions as well as private wealth. The participation of third party investors will help expand the investment influence of the Company, and contribute expertise in selecting and managing Fund investment targets.

THE FRAMEWORK AGREEMENT

Date: 12 August 2018.

Parties: (a) the Company;
(b) Jingji Capital, a wholly-owned subsidiary of the Company; and
(c) Shougang Fund.

Term: The term of each Fund shall be from 5 to 10 years from the date of formation. The first 3 to 6 years of the term shall be the investment period ("**Investment Period**"), and the remaining years of the term shall be the exit period ("**Exit Period**"), during which the Funds shall not carry out further investments. The Investment Period and the Exit Period may be extended as appropriate with the agreement of the investors in each relevant Fund.

Pursuant to the Framework Agreement, the Funds may take the form of (i) companies or (ii) partnerships.

CAPITAL CONTRIBUTIONS

Pursuant to the Framework Agreement, not more than 15 funds shall be established. The expected aggregate total size of the Funds shall not exceed RMB30 billion, of which (1) Shougang Fund and its associates shall, in aggregate, contribute not more than RMB10 billion; and (2) The Company and its subsidiaries shall, in aggregate, contribute not more than RMB500 million. With the agreement of the parties, third party investors may participate in the Funds.

The amounts of capital contributions to be made by the parties to the Funds were arrived at after arm's length negotiations between the parties, having taken into account the expected capital requirements of the Funds. The capital contributions will be funded by the internal resources of the Group.

Upon formation of the Funds, the Company's investments in the Funds will be accounted for as an investment of the Group in its financial statements, and their financial results will not be consolidated into the consolidated financial statements of the Group.

LIABILITY SHARING

Where a Fund takes the form of a company, the Company (or its subsidiary) and Shougang Fund (or its associate) shall be shareholders in the Fund. Unless the shareholders agree otherwise, their liability to the debt obligations of the Fund shall be limited to their respective committed capital contribution.

Where a Fund takes the form of a partnership, the Company (or its subsidiary) shall be the general partner of the Fund, and Shougang Fund (or its associate) shall be the limited partner of the Fund. In addition, the Company (or its subsidiary) may also choose to be a limited partner in the Fund. The general partner shall bear unlimited liability for the debt obligations of the Fund, and limited partners shall bear liability for the debt obligations of the Fund up to their respective committed capital contributions.

INVESTMENT SCOPE OF THE FUNDS

The key investment focus of the Funds shall be on car parks based infrastructure and the renovation of old parks. At the same time, it will consider investments in health care based consumer upgrades, new energy auto parts and equipment manufacturing, as well as advanced technologies.

MANAGEMENT OF THE FUNDS

Where a Fund takes the form of a company, nomination rights for the board of directors of the Fund shall be allocated in accordance with the shareholding proportions of shareholders of the Fund. The shareholders' meeting shall be the highest authority of a Fund that takes the form of a company.

Where a Fund takes the form of a partnership, the general partner will serve as the executive partner of the Fund and be responsible for (i) convening and holding meetings of the Fund partners; (ii) daily operation and management; (iii) investment management; and (iv) representing the Fund externally. The partners' meeting shall be the highest authority of a Fund that takes the form of a partnership.

Furthermore, a Fund will, generally, have an investment committee, who will be in charge of, among other things, reviewing and deciding on the Fund's entrance into and exit from investments.

FUND MANAGER

Jingji Capital or its subsidiary will have priority to be appointed as the Fund Manager to the Funds. With the agreement of the Fund investors, a third party can also act as the Fund Manager. The Fund Manager's responsibilities will include (i) filings; (ii) promotion and fundraising; (iii) investment, management and daily operations; and (iv) information disclosure obligations. The Fund Manager shall establish the investment committee for the Fund.

MANAGEMENT FEE

Each Fund shall pay the Fund Manager a management fee as follows:

- (1) during the Investment Period, between 0.5% to 2% per annum on subscribed capital contribution or paid-in capital contribution, to be agreed amongst the Fund investors in due course; and
- (2) during the Exit Period, between 0.5% to 2% per annum on subscribed capital contribution, paid-in capital contribution or remaining paid-in capital contribution, to be agreed amongst the Fund investors in due course.

PROFIT DISTRIBUTION

Profit Distribution for Funds that are partnerships

Subject to agreement with the partners, the Funds shall distribute profits in the following order:

- (i) to all its partners, up to their respective principal amounts; and
- (ii) the remaining distributable profits shall be distributed as to not more than 20% to the general partner, and as to not less than 80% to the limited partners.

Profit Distribution for Funds that take the form of companies

Subject to agreement with the shareholders, the Funds shall distribute profits in the following order:

- (i) to all its shareholders up to their respective principal amounts; and
- (ii) the remaining distributable profits shall be distributed as to not more than 20% to the shareholder who is the Fund Manager, and as to not less than 80% to the other shareholders.

Furthermore, before the Fund makes distributions under step (ii) above (in the forms of partnerships or companies), shareholders or partners may additionally request that the remaining distributable profits after step (i) be distributed to them, until they achieve a certain rate of return to their investment (such rate to be agreed amongst the Fund investors in due course, but normally will not exceed 8% based on market rates).

INFORMATION ON THE PARTIES TO THE FRAMEWORK 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.

Jingji Capital is a wholly-owned subsidiary of the Company. It is principally engaged in the provision of private fund management services in the PRC.

Shougang Fund is principally engaged in the investment, management and advisory service of non-securities businesses.

GENERAL

The entering into of the Framework Agreement is in the ordinary and usual course of business of the Group. At the Board meeting approving the Framework Agreement, 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 resolutions proposed to approve the Framework Agreement.

The other Directors (including the independent non-executive Directors) consider that the Framework Agreement has been entered into on normal commercial terms, that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the entering into of the Framework Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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 of the Company. Shougang Fund is a wholly-owned subsidiary of Shougang Group, and is accordingly a connected person of the Company.

As the applicable percentage ratios in respect of the Group's capital commitment under the Framework Agreement, when aggregated with the Previous Transactions, are more than 5% but less than 25%, the entering into of the Framework Agreement constitutes a discloseable transaction and a connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, respectively. As such, the entering into of the Framework Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Framework Agreement and the transactions contemplated thereunder. Lego Corporate Finance Limited, a licensed corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time), has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The effectiveness of the Framework Agreement is subject to the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) details of the Framework 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 Framework 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 21 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;
“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”	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;
“Framework Agreement”	the framework agreement in relation to formation of the Funds dated 12 August 2018 among the Company, Shougang Fund and Jingji Capital;
“Fund Manager”	Jingji Capital or its subsidiaries, or a third party;
“Funds”	the funds to be established pursuant to the Framework Agreement;
“GM”	a general meeting to be held by the Company to approve, among other things, the Framework Agreement and the transactions contemplated thereunder;

“Group”	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 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 Framework Agreement and the 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;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“Previous Transactions”	the transactions in relation to: <ul style="list-style-type: none"> (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*); (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.*);

- (iv) the partnership agreement dated 13 July 2018 between Shougang Fund and 北京首獅管理諮詢有限公司 (Beijing Shoushi Management Advisory Co., Ltd.*, “**Shoushi Company**”) in relation to the establishment of 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**”); and
- (v) the fund subscription agreement dated 24 July 2018 between the Company and Shoushi Company in relation to the Company’s participation in the Partnership as a limited partner (directly or through its designated subsidiary).

For details, please refer to the Company’s announcements dated 12 February 2018, 28 March 2018, 8 May 2018, 13 July 2018 and 24 July 2018, respectively;

“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of the Company;
“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 stated-owned enterprise established in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules.

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

Hong Kong, 12 August 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