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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer 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 this circular, together with the enclosed form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the transferee.

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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;
AND
NOTICE OF GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



**Lego Corporate
Finance Limited**
力高企業融資有限公司

Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 6 to 14 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on page 15 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder is set out on pages 16 to 36 of this circular.

A notice convening the GM to be held at 10:15 a.m. on Thursday, 13 September 2018 at Concord Room I, 8/F., Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out on pages GM-1 to GM-2 of this circular. A form of proxy for the GM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the GM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the GM (i.e., at or before 10:15 a.m. on Tuesday, 11 September 2018 (Hong Kong Time)) or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM or any adjourned meeting thereof (as the case may be) should you so wish.

Hong Kong, 29 August 2018

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DEFINITIONS

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

“%”	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(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)”	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 with the agreement of the Fund investors;
“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 dollars, 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;

DEFINITIONS

“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	shareholders of the Company other than Shougang Group and its 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 circular;
“Jingxi Holdings”	Jingxi Holdings Limited, a company incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of Shougang Group;
“Jingxi Subscription”	subscription of the Jingxi Subscription Shares by Jingxi Holdings pursuant to the Jingxi Subscription Agreement;
“Jingxi Subscription Agreement”	a conditional subscription agreement entered into between the Company and Jingxi Holdings on 24 July 2018 in respect of the subscription of the Jingxi Subscription Shares by Jingxi Holdings;
“Jingxi Subscription Shares”	2,800,000,000 new Shares to be allotted and issued to Jingxi Holdings pursuant to the Jingxi Subscription Agreement;
“Latest Practicable Date”	23 August 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“NWS Holdings”	NWS Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 659), which is a substantial shareholder of the Company;
“Open Offer”	the issue of 8,957,896,227 Shares by open offer as announced by the Company on 8 September 2017;
“ORIX Asia”	ORIX Asia Capital Limited, a company incorporated in Hong Kong;
“PRC”	the People’s Republic of China and for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“Previous Transactions”	<p>the transactions in relation to:</p> <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.*);

DEFINITIONS

- (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;
“Rocket Parade”	Rocket Parade Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of NWS Holdings, which is a substantial shareholder of the Company;
“Rocket Subscription”	subscription of the Rocket Subscription Shares by Rocket Parade pursuant to the Rocket Subscription Agreement;
“Rocket Subscription Agreement”	a conditional subscription agreement entered into between the Company and Rocket Parade on 24 July 2018 in respect of the subscription of the Rocket Subscription Shares by Rocket Parade;
“Rocket Subscription Shares”	600,000,000 new Shares to be allotted and issued to Rocket Parade pursuant to the Rocket Subscription Agreement;
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong);

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Shares;
“Share(s)”	the ordinary share(s) 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 state-owned enterprise established in the PRC;
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong, the controlling shareholder of the Company and a wholly-owned subsidiary of Shougang Group;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	subscription of the Subscription Shares by ORIX Asia pursuant to the Subscription Agreement;
“Subscription Agreement”	a conditional subscription agreement entered into between the Company and ORIX Asia on 24 July 2018 in respect of the subscription of the Subscription Shares by ORIX Asia;
“Subscription Shares”	1,503,741,731 new Shares to be allotted and issued to ORIX Asia pursuant to the Subscription Agreement;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules; and
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules.

* *The English translation of Chinese name(s) in this circular, where indicated, is included for information only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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)

Executive Directors:

Mr. Zhao Tianyang (*Chairman*)
Mr. Li Shaofeng (*Vice Chairman*)
Mr. Xu Liang
Mr. Liang Hengyi (*Managing Director*)

Non-executive Directors:

Dr. Li Yinhui
Mr. Liu Jingwei
Mr. Ho Gilbert Chi Hang

Independent Non-executive Directors:

Dr. Wang Xin
Mr. Choi Fan Keung Vic
Mr. Deng Yougao
Ms. Zhang Quanling

Registered Office:

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

29 August 2018

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
FRAMEWORK AGREEMENT IN RELATION TO FORMATION OF FUNDS;
AND
NOTICE OF GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 12 August 2018 relating to the entering into of the Framework Agreement in relation to the formation of the Funds.

LETTER FROM THE BOARD

The purposes of this circular are to:

- (i) provide you a letter from the Board containing further details of the Framework Agreement and the transactions contemplated thereunder;
- (ii) set out the opinions of the Independent Financial Adviser in respect of the Framework Agreement and the transactions contemplated thereunder;
- (iii) to provide you a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder;
- (iv) notice of convening the GM; and
- (v) other information as required under the Listing Rules.

2. DISCLOSEABLE AND CONNECTED TRANSACTION – FRAMEWORK AGREEMENT IN RELATION TO FORMATION OF FUNDS

The Framework Agreement

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

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.

The key investment focus of the Funds shall be on car parks based infrastructure and the renovation of old industrial 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.

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.

LETTER FROM THE BOARD

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. 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 Latest Practicable Date 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.

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.

LETTER FROM THE BOARD

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.

The Company intends for Jingji Capital or its subsidiary to be the Fund Manager to the Funds, subject to agreement with the investors in the Funds in due course. If Jingji Capital or its subsidiary enter into management agreements with the Funds, such agreements may constitute continuing connected transactions. The Company will comply with the relevant Listing Rules requirements in relation to such continuing connected transactions, where applicable.

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.

LETTER FROM THE BOARD

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).

The distributions under step (ii) above (in the forms of partnership or companies), as to not less than 80% to the limited partners and to other shareholders of the Funds, are expected to be distributed in accordance with the limited partners' and other shareholders' respective interests in the Funds and based on agreement with the respective partners and shareholders of the Funds.

Reasons for entering into of 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.

LETTER FROM THE BOARD

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 industrial 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.

It is expected that the investment strategy of the Funds will involve selecting target asset types that generate stable and steady returns, while taking into consideration potential synergies with the Company's main businesses and the needs of investors. The key investment focus of the Funds shall be on car parks based infrastructure and the renovation of old industrial parks. At the same time, it will consider investments in healthcare based consumer upgrades, new energy auto parts and equipment manufacturing, as well as advanced technologies, which the Company considers may be possible areas for investment in the PRC that may offer attractive opportunities in the near future, and are areas which may be of interest to other investors of the Funds, including, in particular, Shougang Fund. As at the Latest Practicable Date, the Company has not yet identified specific targets for investment by the Funds. The Funds will allocate their investments between different businesses based on their assessment of available investment targets in due course. The Group believes that its management and executive personnel, including but not limited to those at Jingji Capital, possesses the necessary expertise in financial management and investment strategy to help the Funds successfully execute and manage investments in the abovementioned sectors.

In particular, the penetration ratio of automobiles in the PRC is comparatively low given that the country is still in the process of urbanization and increasing its living standards. As a result, there is still strong potential for growth in automobile use and, correspondingly, the demand for parking facilities in the foreseeable future. The prospect of car-parks based infrastructure is therefore very promising. In addition, based on forecasts from relevant research institutions, it is expected that the healthcare industry market in the PRC may exceed RMB 8 trillion, and the market for new energy auto parts and advanced technologies is also expected to become very large.

LETTER FROM THE BOARD

The Company estimates that the expected internal rates of return of the Funds may range from approximately 9% to 15% in relation to those Funds focusing on renovation of old industrial parks, and approximately 15% to 20% in relation to those Funds focusing on other equity investments in car park based infrastructure, new energy auto parts, equipment manufacturing and advanced technologies.

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 Latest Practicable Date 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.

Rule 14A.36 of the Listing Rules requires that any Shareholder who has a material interest in a connected transaction must abstain from voting on the corresponding resolution. To the best knowledge of the Directors, Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 51.856% (9,833,903,865 shares) of the total number of Shares in issue as at the Latest Practicable Date, and will abstain from voting at the GM in relation to the resolution proposed to approve the Framework Agreement and the transactions thereunder.

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 resolution proposed to approve the Framework Agreement.

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

LETTER FROM THE BOARD

General

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.

GM

The GM will be convened at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder.

A notice convening the GM to be held at 10:15 a.m. on Thursday, 13 September 2018 at Concord Room I, 8/F., Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out on pages GM-1 to GM-2 of this circular for the purpose of considering and, if thought fit, passing the resolution as set out therein.

A form of proxy for use by the Shareholders at the GM is enclosed herewith. Whether or not you are able to attend the GM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the GM (i.e., at or before 10:15 a.m. on Tuesday, 11 September 2018 (Hong Kong Time)), or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM or any adjourned meeting thereof (as the case may be) should you so wish.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure that the chairman of the GM shall demand voting on the resolution set out in the notice of GM be taken by way of poll.

LETTER FROM THE BOARD

Recommendation

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular which contains the recommendation from the Independent Board Committee to the Independent Shareholders and the letter from the Independent Financial Advisor set out on pages 16 to 36 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors including all the independent non-executive Directors after reviewing and considering the advice of the Independent Financial Adviser which is set out in the Letter from the Independent Financial Adviser in this circular, but excluding Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang and Mr. Liang Hengyi (who, by virtue of their connection with Shougang Group, have abstained from voting in respect of the resolution proposed to approve the Framework Agreement) consider that the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and accordingly recommend the Independent Shareholders or the Shareholders (as the case may be) to vote in favour of the relevant ordinary resolution to be proposed at the GM.

Additional Information

Your attention is drawn to the additional information contained in the appendix to this circular.

Yours faithfully
**Shougang Concord International
Enterprises Company Limited**
Zhao Tianyang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

29 August 2018

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company to the Shareholders dated 29 August 2018 (the “**Circular**”), to which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder as set out on pages 16 to 36 of the Circular and the letter from the Board set out on pages 6 to 14 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms of the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Framework Agreement and the transactions contemplated thereunder to be proposed at the GM.

Yours faithfully,
Independent Board Committee
Dr. Wang Xin
Mr. Choi Fan Keung Vic
Mr. Deng Yougao
Ms. Zhang Quanling
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Framework Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



29 August 2018

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION FRAMEWORK AGREEMENT IN RELATION TO FORMATION OF FUNDS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 29 August 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 12 August 2018, the Company, Jingji Capital, a wholly-owned subsidiary of the Company 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 Latest Practicable Date 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 of 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.

To the best knowledge of the Directors, save for Shougang Group and its associates, no Shareholder has a material interest in the Framework Agreement and the transactions contemplated thereunder. As such, Shougang Group and its associates shall abstain from voting at the GM in respect of the resolution proposed to approve the Framework Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao and Ms. Zhang Quanling, has been formed to advise the Independent Shareholders as to whether the terms of the Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the GM to approve the Framework Agreement and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company, any party to the Framework Agreement, or close associate or core connected person of the Company or any party to the Framework Agreement that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited.

In the last two years, Lego Corporate Finance Limited had acted as independent financial adviser to the Company in relation to the connected transactions involving the connected subscription, and the entering into of the fund subscription agreement and proposed partnership agreement, details of which were disclosed in the circular of the Company dated 27 August 2018. Apart from normal professional fees paid or payable to us in connection with the aforementioned appointment and this appointment as the independent financial adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company. Based on the foregoing and notwithstanding we had acted as independent financial adviser to the Company in the last two years, we are qualified to give independent advice in respect of the terms of the Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the management of the Group, for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the GM and the Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 13.80 of the Listing Rules until the GM. We have also assumed that all such statements of belief, opinions and intentions of the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and/or the advisers of the Group. We have also sought and received confirmation from the management of the Group that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the GM.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, Shougang Group, or any of their respective subsidiaries and associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Framework Agreement and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Background information of the Group and the parties to the Framework Agreement

The Group

The Company is incorporated in Hong Kong with limited liability, and the Shares have been listed on the Stock Exchange since 30 April 1991.

As at the Latest Practicable Date, 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.

Parties to the Framework Agreement

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 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 Latest Practicable Date and is a controlling shareholder and a connected person of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial information of the Group

The following table summarises the key financial information of the Group for the years ended 31 December 2015, 2016 and 2017 as extracted from the annual reports of the Company for the years ended 31 December 2016 (the “**2016 Annual Report**”) and 2017 (the “**2017 Annual Report**”), respectively.

	For the year ended 31 December		
	2017	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Revenue	3,816,145	1,035,606	416,121
Continuing operations			
– Sale of iron ore	3,812,329	921,970	412,305
– Sale of other steel related products	–	110,014	–
– Management services and leasing income	3,816	3,622	3,816
Discontinued operations			
– Sale of steel products ^(Note)	–	6,262,980	6,844,690
– Mineral exploration and processing ^(Note)	–	–	11,884
Gross profit	9,110	49,394	62,820
Gross profit margin	0.2%	4.8%	15.1%
Profit/(loss) for the year	57,286	(1,954,220)	(3,889,639)
– Continuing operations	57,286	(476,215)	(1,445,796)
– Discontinued operations	<u>–</u>	<u>(1,478,005)</u>	<u>(2,443,843)</u>

Note:

The Group discontinued the segments of steel manufacturing and mineral exploration and processing in 2016. As disclosed in the announcement of the Company dated 3 October 2016, the Company entered into an agreement to dispose its subsidiary, of which principal activities are manufacture and sale of steel and related products and mining, processing and sale of iron ore. The disposal was completed on 30 December 2016. After the disposal, the Group discontinued the steel manufacturing and mineral exploration and processing operations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December		
	2017	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Property, plant and equipment	4,850	2,246	9,239,351
Interests in associates	5,073,079	4,654,460	5,353,944
Bank balances and cash	1,389,628	537,488	519,474
Net current assets/(liabilities)	<u>1,586,151</u>	<u>(172,286)</u>	<u>(14,047,489)</u>
Total assets	<u>8,186,309</u>	<u>5,847,436</u>	<u>21,262,373</u>
Total liabilities	<u>(942,657)</u>	<u>(1,142,226)</u>	<u>(21,042,435)</u>
Net assets	<u>7,243,652</u>	<u>4,705,210</u>	<u>219,938</u>

For the years ended 31 December 2015 and 2016

Revenue of the Group from continuing operations increased from approximately HK\$416.1 million for the year ended 31 December 2015 to approximately HK\$1,035.6 million for the year ended 31 December 2016, representing an increase of approximately 148.9% as compared to the prior year. As stated in the 2016 Annual Report, such increase was mainly due to surge in trading volume of iron ore and the increase in average selling price of iron ore.

Despite the increase in revenue, gross profit derived from the Group's continuing operations dropped from approximately HK\$62.8 million for the year ended 31 December 2015 to approximately HK\$49.4 million for the year ended 31 December 2016, and gross profit margin of the Group's continuing operations decreased from approximately 15.1% to approximately 4.8% during the same period. As stated in the 2016 Annual Report, the decrease in gross profit margin from continuing operations was mainly due to the fact that more inventories of medium grade iron ore had been provided by Mount Gibson Iron Limited ("**Mt. Gibson**") during the year ended 31 December 2015 for trading purpose under the offtake agreements entered into with Mt. Gibson, and such agreements include rebate to the Group 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. For the year ended 31 December 2016, the Group devoted much effort in procurement from other suppliers so as to drive the trading volume. As there were more rebates to the Group on marketing commission and trading of special graded iron ore during the year ended 31 December 2015, gross profit margin from continuing operations for the year ended 31 December 2015 was higher than that of the year ended 31 December 2016.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Loss derived from the Group's continuing operations for the year ended 31 December 2015 decreased significantly from approximately HK\$1,445.8 million to approximately HK\$476.2 million for the year ended 31 December 2016. The Group had negative return on asset ("ROA") and return on equity ("ROE") for the years ended 31 December 2015 and 2016. As stated in the 2016 Annual Report, such improvement was mainly attributable to (i) the decrease in impairment loss on interest in an associate from approximately HK\$951.7 million for the year ended 31 December 2015 to approximately HK\$257.0 million for the year ended 31 December 2016; and (ii) turnaround of performance of the two associates (namely, Shougang Fushan Resources Group Limited and Shougang Concord Century Holdings Limited) from share of loss of associates of approximately HK\$275.0 million for the year ended 31 December 2015 to share of profit of associates of approximately HK\$9.1 million for the year ended 31 December 2016.

As at 31 December 2016, total assets of the Group amounted to approximately HK\$5,847.4 million, of which interests in associates and bank balances and cash amounted to HK\$4,654.5 million and HK\$537.5 million, respectively, representing approximately 79.6% and 9.2% of the total assets of the Group, respectively. As at 31 December 2016, total liabilities of the Group amounted to approximately HK\$1,142.2 million, of which bank borrowings amounted to approximately HK\$616.8 million and represented approximately 67.2% of the total liabilities of the Group.

For the years ended 31 December 2016 and 2017

Revenue of the Group from continuing operations increased from approximately HK\$1,035.6 million for the year ended 31 December 2016 to approximately HK\$3,816.1 million for the year ended 31 December 2017, representing an increase of approximately 268.5% as compared to the prior year. As stated in the 2017 Annual Report, such increase was mainly due to surge in trading volume of iron ore and the increase in average selling price of iron ore.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Despite the increase in revenue of the Group, gross profit derived from the Group's continuing operations decreased further from approximately HK\$49.4 million for the year ended 31 December 2016 to approximately HK\$9.1 million for the year ended 31 December 2017 and the gross profit margin of the Group's continuing operations decreased from approximately 4.8% to approximately 0.2% during the same period. The decreases in gross profit and gross profit margin from continuing operations were mainly attributable to the remaining inventory of medium grade iron ore provided by 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. Therefore, although the Group devoted much effort in procurement from other suppliers so as to drive the trading volume, the gross profit margin from continuing operations for the year ended 31 December 2017 was lower than the previous financial year as there were more rebates on marketing commission and the trading of special graded iron ore in previous financial year. In spite of the decrease in gross profit margin, the Group has improved from negative ROA and ROE for the year ended 31 December 2016 to ROA and ROE of 0.7% and 0.8%, respectively for the year ended 31 December 2017.

As at 31 December 2017, total assets of the Group amounted to approximately HK\$8,186.3 million, of which interests in associates and bank balances and cash amounted to approximately HK\$5,073.1 million and HK\$1,389.6 million, respectively, representing approximately 62.0% and 17.0% of the total assets of the Group, respectively. As at 31 December 2017, total liabilities of the Group amounted to approximately HK\$942.7 million and all bank borrowings of the Group had been repaid.

According to the 2017 Annual Report, the Group has acquired the private fund management business in late 2017. In most of the cases, the Group acts as the general partner of funds or partnerships. Accordingly, we noted that the Company does possess prior experience in establishing and investing in entities similar to the fund structure as described in the Framework Agreement.

3. Principal terms of the Framework Agreement

Tenure of each Fund

As disclosed in the Letter from the Board, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Please also refer to the paragraph headed “Market comparable analysis” below for further assessment on the fairness and reasonableness of the tenure of the Funds under the Framework Agreement.

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

As set out in the Letter from the Board, the key investment focus of the Funds shall be on car parks based infrastructure and the renovation of old industrial 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Management of the Funds and Fund Manager

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, the 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.

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 of the Fund.

If Jingji Capital or its subsidiary enter into management agreements with the Funds, such agreements may constitute continuing connected transactions. The Company will comply with the relevant Listing Rules requirements in relation to such continuing connected transactions, where applicable.

We have obtained and reviewed the list of 16 funds currently managed by Jingji Capital, which has an aggregate fund size of more than RMB25 billion, with investments in the fields of pharmaceutical, green investments, real estate and start-ups, etc. Accordingly, we noted that Jingji Capital does possess prior experience in managing funds similar to the Funds.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the Company's announcements regarding the Previous Transactions and as advised by the management of the Company, we note that the Group has entered into four other agreements in relation to the establishment of funds in the last 12 months before entering into the Framework Agreement, out of which two involved the participation of independent third parties (the "**Other Fund Agreements**"). We note that the subsidiaries of the Group have acted as general partner and fund manager of the Other Fund Agreements and are responsible for, among others, (i) investment management and daily operations of the partnerships or the funds; and (ii) set up and represent majority of the members in the investment committee. Having considered that rights and responsibilities of the Group as general partner and fund manager are no less favourable than the Other Fund Agreements, we do not consider the arrangement in relation to management of the Fund would have undermined the interest of the Company and the Independent Shareholders as a whole.

Please also refer to the paragraph headed "Market comparable analysis" below for further assessment on the fairness and reasonableness of the arrangement in relation to management of the Fund under the Framework Agreement.

Management fee

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

- (i) 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
- (ii) 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.

Based on the Company's announcements regarding the Previous Transactions and as advised by the management of the Company, we note that the subsidiaries of the Group have acted as fund manager of the Other Fund Agreements and received annual management fee ranged from 0.5% to 1.5% of the subscribed capital or fund under management. Having considered that (i) the management fee of 0.5% to 2% per annum on subscribed capital contribution or paid-in capital contribution under the Framework Agreement is no less favourable than the range of management fee of the Other Fund Agreements; and (ii) the Other Fund Agreement involved independent third parties; we are of the view that the management fee is fair and reasonable so far as the Independent Shareholders are concerned.

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Please also refer to the paragraph headed “Market comparable analysis” below for further assessment on the fairness and reasonableness of the management fee level of the Funds under the Framework Agreement.

Profit distribution and liability sharing

Profit distribution for Funds that are partnerships

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

- (i) to all of its partners up to their respective principal amount; 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 the agreement with the shareholders, the Funds shall distribute profits in the following order:

- (i) to all of its shareholders up to their respective principal amount; 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 Funds make 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 (the “**Investment Return**”) (such rate to be agreed amongst the Fund investors in due course, but normally will not exceed 8% based on market rates).

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The distributions under step (ii) above (in the forms of partnership or companies), as to not less than 80% to the limited partners and to other shareholders of the Funds, are expected to be distributed in accordance with the limited partners' and other shareholders' respective interests in the Funds and based on agreement with the respective partners and shareholders of the Funds.

As advised by the management of the Company, the Investment Return has been determined based on arm's length negotiations between the parties to the Framework Agreement taking into account the expected level of return from other funds in the market.

We also noted that the subsidiaries of the Group have acted as general partners in all the Other Fund Agreements and is entitled to 20% of the remaining distributable cash after distribution to limited partners up to their respective paid-in capital contribution amount or with a rate of return. Since Jingji Capital (or its subsidiary) will have priority to be appointed as the Fund Manager to the Funds, the Company (or its subsidiary) is expected to be entitled to have additional distribution under the distribution arrangement. Based on the foregoing, we do not consider the profit distribution arrangement would have undermined the interest of the Company and the Independent Shareholders as a whole.

Please also refer to the paragraph headed "Market comparable analysis" below for further assessment on the fairness and reasonableness of the levels of investment return and distributions of the Funds under the Framework Agreement.

Market comparable analysis

In order to further assess the fairness and reasonableness of the principal terms of the Funds under the Framework Agreement, we have, on a best effort basis, reviewed the terms of funds that are partnerships or take the form of companies announced by companies listed on the Stock Exchange from 12 February 2018 up to and including the date of the Framework Agreement (the "**Comparable Funds**"), being approximately six months prior to the date of the Framework Agreement (the "**Comparable Funds Review Period**"). We consider that the Comparable Funds Review Period is adequate and appropriate for identifying Comparable Funds as the Comparable Funds are considered to assess recent market practice in relation to the principal terms under the current market conditions and thus are representative for comparison purpose.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It should be noted that the subject companies involved in the Comparable Funds may have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company. However, as the Comparable Funds can provide general reference of the terms for this type of transaction in Hong Kong under the current market environment, we consider them to be relevant in assessing the fairness and reasonableness of the principal terms of the Framework Agreement.

Date of announcement	Stock Code	Company name	Tenure	Extension	Total capital commitment	Annual management fee	Investment return included in the profit distribution arrangement (if any)	General partner distribution in excess of capital contribution/annual rate of return
13 February 2018	1528	Red Star Macalline Group Corporation Ltd.	5	Yes	RMB706,620,000	N/A	N/A	N/A
20 February 2018	3329	BOCOM International Holdings Company Limited	6	N/A	US\$15,645,000	N/A	8.0%	20%
22 February 2018	1466	Affluent Partners Holdings Limited	3	Yes	N/A	2.0%	N/A	N/A
12 March 2018	1458	Zhou Hei Ya International Holdings Company Limited	7	Yes	RMB3,000,000,000	N/A	8.0%	20 – 25%
23 March 2018	1070	TCL Multimedia Technology Holdings Limited	8	Yes	RMB201,000,000	1.5 – 2.0%	6.5%	30%
23 March 2018	1070	TCL Multimedia Technology Holdings Limited	8	Yes	US\$75,000,001	0.5%	6.5%	30%
26 March 2018	1141	CMBC Capital Holdings Limited	3	Yes	US\$33,980,000	N/A	N/A	N/A
29 March 2018	1822	HongDa Financial Holding Limited	3	Yes	HK\$1,204,000,000	2.0%	N/A	20%
4 April 2018	1708	Nanjing Sample Technology Co., Ltd.	7	N/A	RMB500,000,000	0.80%	N/A	N/A
18 April 2018	1980	Tian Ge Interactive Holdings Limited	N/A	N/A	US\$150,000,000	1.5 – 2.0%	N/A	20%
23 April 2018	1051	G-Resources Group Limited	8	Yes	US\$200,000,000	2.0%	N/A	N/A
2 May 2018	176	Superactive Group Company Limited	3	Yes	HK\$250,000,000	2.0%	10.0%	N/A
3 May 2018	981	Semiconductor Manufacturing International Corporation	7	Yes	RMB1,616,160,000	N/A	N/A	N/A
30 May 2018	412	China Shandong Hi-Speed Financial Group Limited	3	Yes	US\$163,000,000	0.0%	N/A	N/A
6 June 2018	687	Hong Kong International Construction Investment Management Group Co., Ltd	10	Yes	RMB16,000,000,000	1.0%	7.0 – 8.0%	20%
14 June 2018	519	Applied Development Holdings Limited	5	Yes	HK\$2,000,000,000	2.0%	N/A	20%
15 June 2018	1009	International Entertainment Corporation	N/A	N/A	EUR26,200,000	0.0%	N/A	N/A
15 June 2018	1091	CITIC Dameng Holdings Limited	10	N/A	RMB501,000,000	0.50%	N/A	N/A
20 July 2018	256	Citychamp Watch & Jewellery Group Limited	5	No	US\$100,000,000	1.25%	8.0%	20%
24 July 2018	864	Wing Lee Property Investments Limited	5	Yes	HK\$450,000,000	N/A	N/A	N/A
1 August 2018	2399	China Fordoo Holdings Limited	3	Yes	RMB200,000,000	N/A	N/A	N/A
8 August 2018	165	China Everbright Limited	8	Yes	RMB5,100,000,000	2.0%	6.0%	20%
8 August 2018	1051	G-Resources Group Limited	10	Yes	US\$70,000,000	2.0%	N/A	N/A
		Maximum	10			2.0%	10.0%	30%
		Minimum	3			0.0%	6.0%	20%
		Average	6			1.3%	7.6%	22%
12 August 2018	697		5 – 10	Yes	RMB500,000,000	0.5 – 2.0%	Not more than 8.0%	Not more than 20%

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Note: “N/A” represents not applicable as such arrangement was not disclosed in the announcement of the respective listed issuer.

As demonstrated by the above table, (i) the tenure of the Comparable Funds ranged from three years to 10 years, with an average of approximately six years; (ii) annual management fee of the Comparable Funds ranged from 0.0% to 2.0%, with an average of approximately 1.3%; (iii) investment return included in the profit distribution arrangement ranged from 6.0% to 10.0%, with an average of approximately 7.6%; and (iv) the proportion of profit sharing by the general partner upon limited partners achieving their respective paid-in capital contribution amount/annual rate of return of the Comparable Funds ranged from 20% to 30%, with an average of approximately 22%.

In addition, according to our findings, majority of the general partners in the Comparable Funds that take the form of partnership and all the fund managers in all of the Comparable Funds that take the form of companies, have set out responsibilities in relation to management and operation of the Funds, which may or may not include setting up of the investment committee, convening meetings and representing the funds. Based on the foregoing, we are of the view that it is the market practice of funds to have general partner and/or fund manager to be responsible for management and operation of their respective funds.

We note that (i) the tenure of the Funds under the Framework Agreement; (ii) annual management fee of the Funds under the Framework Agreement; (iii) Investment Return included in the profit distribution arrangement; and (iv) the proportion of profit sharing by the general partner upon limited partners achieving the Investment Return under the Framework Agreement are in the ranges of the Comparable Fund, and the rights and responsibilities of the Group as general partner and fund manager are in line with market practice as discussed above. Having considered the terms of the Comparable Funds, we are of the view that the principal terms of the Framework Agreement are no less favorable than that available to other transactions under the Comparable Funds and are, therefore, fair and reasonable so far as the Independent Shareholders are concerned. Based on our review on the Framework Agreement, and taking into account the principal terms of the Framework Agreement as highlighted above, we are of the view that the terms of the Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

4. Reasons for entering into the Framework Agreement

As disclosed in the Letter from the Board, 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 fees income and profit distribution from fund management.

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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 industrial 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.

It is expected that the investment strategy of the Funds will involve selecting target asset types that generate stable and steady returns, while taking into consideration potential synergies with the Company's main businesses and the needs of investors. The key investment focus of the Funds shall be on car parks based infrastructure and the renovation of old industrial 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, which the Company considers may be possible areas for investment in the PRC that may offer attractive opportunities in the near future, and are areas which may be of interest to other investors of the Funds, including, in particular, Shougang Fund.

The Company estimates that the expected internal rates of return of the Funds may range from approximately 9% to 15% in relation to those Funds focusing on renovation of old industrial parks, and approximately 15% to 20% in relation to those Funds focusing on other equity investments.

We note that the expected internal rates of return of the Funds is higher than ROA and ROE of the Group for the year ended 31 December 2017 of 0.7% and 0.8%, respectively.

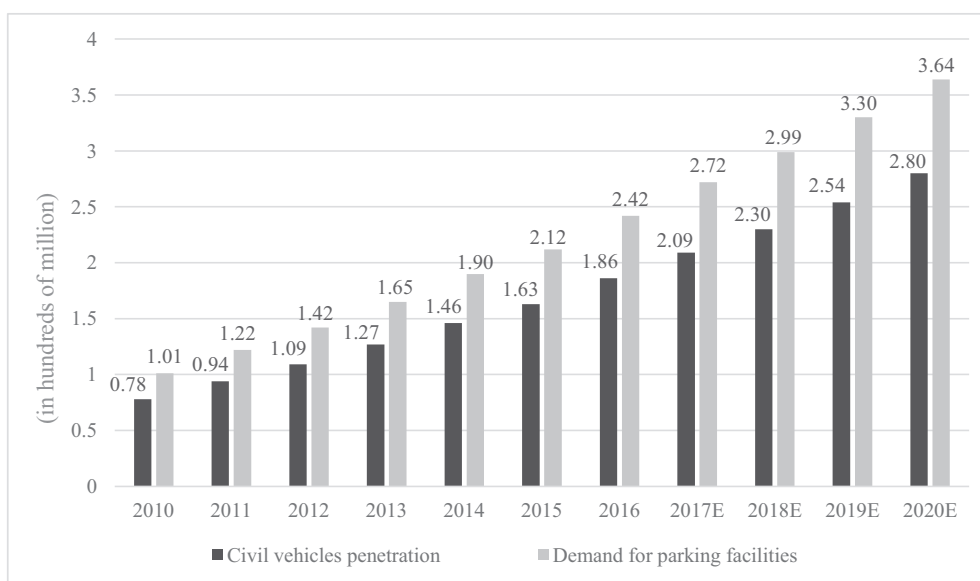
We believe the performance of the Funds will be subject to the prospects and return of its investments, in particular, car parking industry in PRC, old industrial park in relation to Shougang industrial park and other possible areas of investments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Car parking business

As set out in the 2017 Annual Report, the penetration rate of auto vehicles in the PRC is still relatively low compared with that in western countries despite the fact that the PRC is undergoing the rapid urbanisation which has led to a significant improvement in living standards and an ever-increasing demand for auto vehicles. Therefore, the automotive industry has huge potential for sustained growth and demand for car park in the PRC is benefited as well.

To assess the market conditions and prospects of car parking business in the PRC, we have conducted research on the potential demand for parking facilities in the PRC. The following graph shows the civil vehicles penetration and demand for parking facilities in the PRC from 2010 to 2020:



Source: 深圳市停車產業發展報告 (Shenzhen Parking Industry Development Report*) issued by Development and Reform Commission of Shenzhen Municipality

According to the 深圳市停車產業發展報告 (Shenzhen Parking Industry Development Report*) issued by Development and Reform Commission of Shenzhen Municipality in February 2018, the civil vehicles penetration in the PRC has been increasing since 1988 with annual growth rate maintained at 10% or above, and public parking spaces in the PRC are in severe shortage and demand for more than 50 million parking spaces. As shown in the graph above, as the civil vehicles penetration in the PRC continues to rise, the demand for parking facilities will continue to expand. As at June 2017, the demand for parking facilities reached approximately 266 million and is expected to reach approximately 364 million in 2020. Considering the expected continuous increasing demand for parking facilities which

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outpace the civil vehicles penetration in the PRC in the coming years, we consider that it is justifiable for the Group to pursue further in its car parking business and operations in order to capture the potential market demands.

Development of Shougang industrial park

As disclosed in the announcement of the Company dated 24 July 2018, 新首鋼高端產業綜合服務區 (New Shougang High-end Industry Comprehensive Service Park*) (“**Shougang Park**”), covering an area of 8.63 square kilometers, is the only area in the city district of 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.

Within Shougang Park, 首奧產業園區 (Shouao Industrial Park*) is the area where preparation of the 2022 Olympic and Paralympic Winter Games (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 of the Company 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.

Since the State Council of PRC approved the relocation and redevelopment of Shougang Park in 2005, Shougang Park has been listed as one of the key development project by the state and municipal government and continued to be listed as one of the key infrastructures in cultural related project in 北京市國民經濟和社會發展第十三個五年規劃綱要 (Outline of the 13th Five-Year Plan for National Economic and Social Development in Beijing*). As part of revitalisation plan of the previous heavy industrial site, Shougang Park is expected to become the focal point of composite development projects for new industries which include cultural and creative, technology innovation as well as sports industries. Shougang Park will also be connected by highways and subways extension. The Company expects that development of Shougang Park will continue to be one of the key development projects from the state and municipal government in the future.

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As mentioned in the announcement of the Company dated 24 July 2018, 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 utilisation 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 Shouao Industrial Park project is located at the relatively core position of the northern area of Shougang Park.

In considering the economic benefits of Shougang Park as a result of the Games, we make reference to the economic performance of Beijing city during the organisation period of the Olympics Game in 2008. According to 國家統計局 (National Bureau of Statistics) and 北京市統計局 (Beijing Municipal Bureau of Statistics), since the year following the successful bidding of the Olympics Games up to 2008, the growth rate of Beijing’s gross domestic product adjusted by consumer price index (“**Real GDP**”) has outpaced the PRC’s Real GDP growth rate by an average of approximately 1.9% per year. Beijing’s Real GDP growth rate also outperformed PRC’s Real GDP growth rate in the past 20 years from 1998 to 2017 by an average of 1.3%. We note the economy of Beijing city was strong during the period of preparation of the Olympics Game in 2008.

Other possible areas of investment

We have further conducted research on the industries of the other possible areas of investment within the investment scope under the Framework Agreement, noting that all of the (i) health care based consumer upgrades; (ii) new energy auto parts; (iii) equipment manufacturing; and (iv) advanced technologies were highlighted under the Planning Outline of the 13th Five-Year Plan for National Economic and Social Development 《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》(the “**13th Five-Year Plan**”) issued by the State Council of PRC in March 2016.

The economy of PRC has expanded rapidly in the past years. According to 國家統計局 (National Bureau of Statistics), the GDP of PRC increased from approximately RMB48.9 trillion in 2011 to approximately RMB82.7 trillion in 2017, representing a CAGR of approximately 9.1%. While we consider the Funds investment scope of new energy auto parts, equipment manufacturing and advanced technologies would fall within fixed asset investment, fixed asset investment in the PRC has increased from approximately RMB31.1 trillion to approximately RMB64.1 trillion during the same period, representing CAGR of approximately 12.8%. In addition, the growth of equipment and tools purchase which is included in fixed asset investment increased from approximately RMB6.5 trillion in 2011 to approximately RMB11.3 trillion in 2016, representing CAGR of approximately 11.7% and both outpaced the growth of the economy of PRC.

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In addition, according to the 《2017年醫藥工業主要經濟指標完成情況》報告 (Report of “Completion of Major Economic Indicators of the Pharmaceutical Industry in 2017”*), the output growth rate of the pharmaceutical industry with annual revenue of RMB20 million or more from their main business operations recorded a year-on-year increase of approximately 12.4% in 2017, and the growth rate increased by approximately 1.8% over the previous year, which was approximately 5.8% higher than the overall industrial growth rate of the country.

Based on the foregoing and having considered that the estimated internal rates of return of the Funds is higher than the ROA and ROE of the Company for the year ended 31 December 2017, we concur with the Company’ view that (i) the automotive industry has huge potential for sustained growth and demand for car park in the PRC is benefited as well; (ii) development of Shougang Park will continue to be one of the key development projects from the state and municipal government in the future; and (iii) the other possible areas of investment demonstrated growth potential. We also consider the investment strategy of the Funds is justifiable.

5. Possible financial effects of the Framework Agreement

As stated in the 2017 Annual Report, the consolidated net asset value of the Group was approximately HK\$7.2 billion as at 31 December 2017. Profit derived from the Group’s continuing operations for the year ended 31 December 2017 was approximately HK\$57.3 million. Under the Framework Agreement, in the event that Jingji Capital is appointed as the Fund Manager to the Funds, it will entitle to the management fee ranging from 0.5% to 2% per annum on subscribed capital contribution or paid-in capital contribution as its income. Given the tenure and profit distribution mechanism of the Funds under the Framework Agreement, the Framework Agreement and the transactions contemplated thereunder are not expected to have any significant contribution to the earnings of the Group for the year ending 31 December 2018.

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.

Based on the 2017 Annual Report, bank balances and cash of the Group was approximately HK\$1.4 billion as at 31 December 2017. Working capital of the Group (as derived by current assets minus current liabilities) was approximately HK\$1.6 billion as at 31 December 2017.

According to the Letter from the Board, the Company’s expected committed capital contribution of the Funds under the Framework Agreement will be funded by the internal resources of the Group. Having taken into account of the bank balances and cash and working capital of the Group above, we consider that the Company has sufficient cash and working capital to satisfy the expected committed capital contribution to the Funds under the Framework Agreement (which shall be no more than RMB500 million) immediately upon completion of the investments into the Funds.

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It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial positions and performance of the Group will be upon completion of the investments of the Funds.

RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that (i) the terms of the Framework Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Framework Agreement is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the GM to approve the Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited 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). He has over 12 years of experience in the auditing and investment banking industry.

* *for identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executive

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 Shares

Name of Director	Capacity in which interests were held	Number of Shares	Total interests as to % of the total number of Shares in issue as at the Latest Practicable Date
Liang Hengyi	Beneficial owner	2,716,000	0.0143
Liu Jingwei	Beneficial owner	500,000	0.0026
Wang Xin	Beneficial owner	200,000	0.0010
	Interest of spouse	1,000,000	0.0053

(ii) Long positions in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity in which interests were held	Number of shares of the associated corporation held	Total interests as to % of the total number of shares of the associated corporation in issue as at the Latest Practicable Date
Li Shaofeng	Shougang Concord Century Holdings Limited	Beneficial owner	1,652,000	0.0859

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) 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:

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 (approximately)	Notes
Shougang Group	Interests of controlled corporation	12,633,903,865	66.62	1
Cheng Yu Tung Family (Holdings II) Limited	Interests of controlled corporation	2,500,000,000	13.18	2
Cheng Yu Tung Family (Holdings) Limited	Interest of controlled corporation	2,500,000,000	13.18	2
Rocket Parade	Beneficial owner	2,500,000,000	13.18	2
ORIX Corporation	Interest of controlled corporation	1,503,741,731	7.93	3
ORIX Asia	Beneficial owner	1,503,741,731	7.93	3
China International Marine Containers (Group) Co., Ltd.	Interests of controlled corporation	1,047,931,056	5.53	4

Notes:

1. Shougang Group is interested in all the Shares held by its direct and indirect subsidiaries, namely, Shougang Holding (holding 360,601,160 Shares), China Gate Investment Limited (holding 2,757,829,774 Shares), Grand Invest International Limited (holding 768,340,765 Shares), Wide Success Holdings Limited (holding 4,106,748,921 Shares), Prime Success Investments Limited (holding 48,574,000 Shares), Lyre Terrace Management Limited (holding 230,000 Shares) and Jingxi Holdings (holding 4,591,579,245 Shares, including the Jingxi Subscription Shares which have not yet been allotted and issued to Jingxi Holdings under the Jingxi Subscription Agreement).
2. Rocket Parade is wholly-owned by NWS FM Limited which is a wholly-owned subsidiary of NWS FM Holdings Limited. NWS FM Holdings Limited is wholly-owned by NWS Service Management Limited (incorporated in the British Virgin Islands) which is a wholly-owned subsidiary of NWS Service Management Limited (incorporated in the Cayman Islands) (“**NWS Service**”). NWS Service is wholly-owned by NWS Holdings which is held as to 61.09% by New World Development Company Limited, which is in turn held as to 44.40% by Chow Tai Fook Enterprises Limited (“**Chow Tai Fook Enterprises**”). Chow Tai Fook Enterprises is wholly-owned by Chow Tai Fook (Holding) Limited, which is held as to 81.03% by Chow Tai Fook Capital Limited, which is in turn held as to 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to 46.65% by Cheng Yu Tung Family (Holdings II) Limited respectively. The interest in Shares includes the interest in the Rocket Subscription Shares which have not yet been allotted and issued to Rocket Parade under the Rocket Subscription Agreement.

Mr. Ho Gilbert Chi Hang, a non-executive Director, is a director of each of Rocket Parade, NWS Service Management Limited (incorporated in the British Virgin Islands), NWS Service and NWS Holdings, all being substantial shareholders of the Company.
3. ORIX Corporation is interested in the Subscription Shares which have not yet been allotted and issued to ORIX Asia under the Subscription Agreement.
4. China International Marine Containers (Group) Co., Ltd. is interested in the Shares held by its indirect subsidiary, CIMC Transportation Equipment (International) Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position 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.

3. 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).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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:

Name of Director	Name of entity whose businesses were considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which were considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Zhao Tianyang	Shougang Holding*	Trading of iron ore and steel products	Director
	Shougang Fund	Fund management	General Manager
Xu Liang	Shougang Holding*	Trading of iron ore and steel products	Director
Ho Gilbert Chi Hang	Urban Parking Limited*	Car park management	Director

* Such businesses may be carried out through the subsidiaries or associates of the entity concerned or by way of other forms of investments.

5. 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 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
Lego Corporate Finance Limited	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Lego Corporate Finance Limited 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 2017, being the date to which the latest published audited consolidated financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Lego Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

The letter and recommendation given by Lego Corporate Finance Limited is given as of the date of this circular for incorporation herein.

7. GENERAL

- (a) 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 2017, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) 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 circular and which is significant in relation to the business of the Group.
- (c) As at the Latest Practicable Date, (i) each of Mr. Zhao Tianyang and Mr. Xu Liang was a director of Shougang Holding; and (ii) Mr. Ho Gilbert Chi Hang was a director of Rocket Parade. Both Shougang Holding and Rocket Parade 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 in paragraph 2(b) above of this Appendix. 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.

- (d) The share registrar of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Framework Agreement will be available for inspection at the principal place of business of the Company in Hong Kong at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong during normal business hours up to and including the date of the GM.

NOTICE OF GM



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)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting (the “GM”) of Shougang Concord International Enterprises Company Limited (the “Company”) will be held at 10:15 am on Thursday, 13 September 2018 at Concord Room I, 8/F., Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. THE FRAMEWORK AGREEMENT

“**THAT:**

- (a) the framework agreement (the “**Framework Agreement**”) dated 12 August 2018 entered into amongst the Company, 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.*) and 北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd.*) (a copy of the Framework Agreement has been produced to the meeting and marked “A” and initialled by the Chairman of the meeting for identification purpose) in relation to the formation of the funds and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Framework Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 29 August 2018

* The English translation of Chinese name(s) in this notice, where indicated, is included for information only, and should not be regarded as the official English name(s) of such Chinese name(s).

NOTICE OF GM

Notes:

1. Any member of the Company entitled to attend and vote at the GM is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the GM (i.e., at or before 10:15 a.m. on Tuesday, 11 September 2018 (Hong Kong Time)), or any adjourned meeting thereof (as the case may be).
4. Completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the GM or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the GM, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.
6. The record date for determining the entitlement of the shareholders of the Company to attend and vote at the GM will be Friday, 7 September 2018. In order to qualify for the entitlement to attend and vote at the above GM, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 7 September 2018 for registration.