THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer, 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 and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

首 長 國 際 企 業 有 限 公 司

SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 697)

CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE 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 5 to 20 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on page 21 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advices to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 53 of this circular.

A notice convening the GM to be held at 10:00 a.m. on Thursday, 20 December 2018 at Concord Room 1, 8/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out on pages 88 to 89 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 10:00 a.m. on Tuesday, 18 December 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.

28 November 2018

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

"%"	per cent.;
"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms of the Agreement;
"Agreement"	the conditional sale and purchase agreement dated 1 November 2018 entered into between the Company, the Purchaser, the Vendor and the Target Company in relation to the Acquisition;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Beijing Carparks"	Beijing New World Centre Phase 1 and Phase 2 underground carparks;
"Beijing Chongwen"	北京崇文•新世界房地產發展有限公司 (Beijing Chong Wen • New World Properties Development Co., Ltd.*), a company established under the laws of the PRC with limited liability;
"Beijing Chongyu"	北京崇裕房產開發有限公司 (Beijing Chong Yu Real Estate Development Co., Ltd.*), a company established under the laws of the PRC with limited liability;
"Beijing Xianghe"	北京祥和物業管理有限公司 (Beijing Xianghe Property Management Co., Ltd.*), a company established under the laws of the PRC with limited liability;
"Board"	the board of Directors;
"Carpark Management Agreement"	the carpark management agreement dated 1 April 2018 entered into between the Target Company and Beijing Xianghe;
"Carpark Operation Contractor Agreements"	the three carpark operation contractor agreements dated 1 April 2015 entered into between the Target Company and Beijing Chongwen, Beijing Chongyu and China New World Electronics respectively;
"China New World Electronics"	中國新世界電子有限公司 (China New World Electronics Ltd.*), a company established under the laws of the PRC with limited liability;
"Company"	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 697);

"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Agreement;
"Conditions Precedent"	the conditions precedent to Completion of the transactions contemplated under the Agreement, the major terms of which are set out in the section headed "The Acquisition" in this circular;
"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;
"Consideration"	the total consideration for the Acquisition;
"Consideration Shares"	an aggregate of 177,425,528 Shares to be allotted and issued by the Company to the Vendor at the Issue Price credited as fully paid for the purpose of settlement of the Consideration;
"Continuing Connected Transactions"	the transactions contemplated under the Carpark Operation Contractor Agreements and the Carpark Management Agreement;
"Director(s)"	the director(s) of the Company;
"GM"	the general meeting of the Company to be convened at 10:00 a.m. on Thursday, 20 December 2018 at Concord Room 1, 8/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong to consider and if thought fit, approve the allotment and issue of the Consideration Shares pursuant to the Specific Mandate;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Board Committee"	the independent committee of the Board, comprising all the independent non-executive Directors, namely Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao and Ms. Zhang Quanling, formed for the purpose of advising the Independent Shareholders on matters in relation to the Agreement (including the Acquisition and the issue of the Consideration Shares pursuant to the Specific Mandate) and the Continuing Connected Transactions;

"Independent Financial Adviser"	Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement (including the Acquisition and the issue of the Consideration Shares pursuant to the Specific Mandate) and the Continuing Connected Transactions;
"Independent Shareholders"	Shareholders other than the Vendor and its associates and those who are involved in or interested in the Agreement (including the Acquisition and the issue of the Consideration Shares pursuant to the Specific Mandate) and the Continuing Connected Transactions;
"Issue Price"	HK$0.25 for each Consideration Share;
"Latest Practicable Date"	21 November 2018, being the latest practicable date prior to the publication of this circular for ascertaining certain information for inclusion in this circular;
"Listing Committee"	the Listing Committee of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"New World Development"	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 017);
"NWS Holdings"	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 659);
"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;
"Purchaser"	首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd.*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Shares"	the entire equity interest in the Target Company;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time);

"Share(s)"	ordinary share(s) of the Company;
"Shareholder(s)"	holder(s) of the Shares;
"Specific Mandate"	the specific mandate to be granted to the Directors in relation to the allotment and issue of new Shares to satisfy the allotment and issue of the Consideration Shares pursuant to the terms of the Agreement, to be approved by the Independent Shareholders at the GM;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules;
"Target Company"	富城(北京)停車管理有限公司 (Urban Parking (Beijing) Limited*), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Vendor; and
"Vendor"	Urban Parking Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of NWS Holdings.

For the purpose of this circular, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK$1 to RMB0.88826. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Renminbi or Hong Kong dollars have been, could have been or may be converted at such or any other rate or at all.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments.

* *For reference purposes only, the Chinese names of the PRC entities, addresses or terms have been translated into English in this circular. In the event of any discrepancies between the Chinese names of these PRC entities, addresses or terms and their respective English translations, the Chinese version shall prevail.*

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
Mr. Li Hao

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

28 November 2018

To the Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement dated 1 November 2018 relating to the entering into of the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares) and the Continuing Connected Transactions.

The purpose of this circular is to provide you with, among other things:

(i) further details of matters in relation to the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares) and the Continuing Connected Transactions;

(ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares) and the Continuing Connected Transactions;

(iii) the opinions of the Independent Financial Adviser in relation to the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares) and the Continuing Connected Transactions;

(iv) the valuation report on the Target Company from Valtech Valuation Advisory Limited;

(v) a notice convening the GM; and

(vi) other information as required under the Listing Rules.

THE ACQUISITION

The principal terms of the Agreement are as follows:

Date

1 November 2018

Parties

(1) the Company;

(2) the Purchaser;

(3) the Vendor; and

(4) the Target Company.

The Purchaser is principally engaged in the business of car parking facilities investment and operation in the PRC, and is a wholly-owned subsidiary of the Company. The Group is principally engaged in (i) the business of management and operations of car parking assets 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.

The Target Company is wholly-owned by the Vendor. The Vendor is engaged in car park management, car park consultation services, car park interior design, 24-hour centralized control center and procurement of car park equipments. It is an indirect wholly-owned subsidiary of NWS Holdings, which is a substantial shareholder of the Company. NWS Group is principally engaged in (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, construction, transport and strategic investments.

Asset to be acquired

Pursuant to the Agreement, the Vendor agreed to transfer the Sale Shares to the Purchaser (or a subsidiary of the Company designated by the Purchaser), and the Purchaser agreed to acquire (or to procure a subsidiary of the Company designated by the Purchaser to acquire) the Sale Shares. The Sale Shares comprise the entire equity interest in the Target Company held by the Vendor. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Consideration

The Consideration is RMB49,380,000 (equivalent to approximately HK$55,591,831).

Pursuant to the Agreement, the Consideration is to be satisfied by the Company in the following manner:

(i) RMB9,980,000 (equivalent to approximately HK$11,235,449) to be satisfied in cash; and

(ii) RMB39,400,000 (equivalent to approximately HK$44,356,382) to be satisfied by the Company allotting and issuing 177,425,528 new Shares (i.e. the Consideration Shares) at the price of HK$0.25 per Consideration Share to the Vendor or its designated person.

The Consideration (including the Issue Price of the Consideration Shares) was arrived upon arm's length negotiations. In determining the Consideration, the Directors considered, among other things:

(i) the brand of the Target Company. With over 10,000 parking spaces under management across Beijing, Shanghai and Chongqing, the Target Company is well-known in the PRC for providing service at international standards. The brand formally entered the PRC in 2007, and is one of the first brands in car parking in the PRC. It has provided services on projects for New World Development, Ikea and Microsoft, and is widely recognized by clients as a professional operator of commercial and office car park facilities;

(ii) the Target Company's experienced senior management team in the parking business. The senior management members at the Target Company all have at least 10 years of experience in the parking management industry;

(iii) the potential and prospects of the Target Company. The Company intends to develop its car parking facilities business as a middle to long term strategic goal, and the Acquisition will complement the Company's existing operations, particularly in commercial and office car park operations, and will also improve the Company's brand awareness in the industry; and

(iv) the valuation of the Target Company, being RMB51,978,000 as of 31 August 2018, prepared on the basis of market value using the market approach by Valtech Valuation Advisory Limited, a Hong Kong professional third party valuer independent of the Company and its connected persons. The market approach involves valuation by comparing a business with identical or similar subjects for which price information is available. In particular, Valtech Valuation Advisory Limited applied the Guideline Publicly Traded Company Method for valuation of the Target Company, based on trading price multiples of a selected set of comparable public companies, applying in this case, among others, adjustment for marketability due to the Target Company being a private company. Some of the major assumptions include that (a) there is no material change to the political, economic, tax, legal environment and market demand conditions faced by the Target Company; (b) the Target Company can maintain its current condition; and (c) the selected comparable companies share sufficient similarities to the underlying business of the Target Company and that the performance of the Target Company is expected not to significantly deviate from the performance of its industry peers. The Company's management engaged in multiple rounds of discussions with Target Company management and with the valuer. The Directors did not observe material issues which may affect the fairness and reasonableness of the assumptions adopted in the valuation. Furthermore, the market approach to valuation, as compared to cost-based or income-based valuation approaches, involves fewer assumptions on the inputs to the valuation as it is based on public information on market participants. Therefore, to the best of the Directors' knowledge and belief, the Directors consider that the methodology and assumptions used for the valuation are fair and reasonable. The valuation report by Valtech Valuation Advisory Limited is set out in Appendix II to this circular.

Presently, the Target Company's main source of profits comes from the Beijing Carparks, which provide a steady stream of profits. As set out in the section "Continuing Connected Transactions", under the Carpark Operation Contractor Agreements, the Target Company may opt to renew the respective Carpark Operation Contractor Agreements for a successive period of one year each, until 10 years from the date of the agreements (that is, until 2025). Therefore, the Company considers that the Target Company's overall profitability and operation should remain stable.

Separately, approximately 10% of the Target Company's gross profits are attributable to the operation of car parking facilities in relation to 8,490 car parking spaces for which agreements may expire in the next three years. Given that these car parking facilities contributed only a minor portion of the gross profits of the Target Company, and that the Target Company has been able to renew existing agreements and/or obtain new agreements over time to replace expired agreements to support the continuity of its business, the Company does not expect these car parking facilities to adversely affect the Target Company's operational stability in material respects.

As stated in the section "Conditions Precedent," the Purchaser will appoint a qualified PRC institution to produce a valuation report ("**PRC Valuation**") on the Target Company. In light of the importance of the Acquisition to the Company, the Company has appointed the abovementioned Hong Kong professional third party valuer to produce a valuation for the Board's review, and will also produce the PRC Valuation to comply with requirements under relevant rules and regulations in regards to state-owned enterprises. Based on the work done so far on the PRC Valuation, the PRC Valuation is not expected to impact the Consideration and there is no Consideration adjustment mechanism in relation to the PRC Valuation.

The Company considers that the size of the Target Company's net assets and total assets are not good indicators of the value of the Target Company, because the Target Company is an asset-light company, and its value lies mainly in its earnings capability.

The cash component of the Consideration will be financed by the Group's internal resources. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Target Company was established by the Vendor and therefore there was no original acquisition cost to the Vendor. The Directors are of the view that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for issuance of Consideration Shares

The Company decided to settle a portion of the Consideration by issuance of Consideration Shares because (a) given that the Company has strong need for liquidity for its car parking facilities business, the Company takes a prudent approach to cash management and (b) the Issue Price of the Consideration Shares agreed with the Vendor is at a premium against the closing prices of the Shares (as set out in the section below), and shows that the Vendor takes a favorable view on the value of the Company's Shares.

In relation to car parking facility projects that are in the Company's pipeline, the Company expects the liquidity demand to be in the range of approximately RMB650,000,000 (approximately HK$730,000,000). Based on the Company's analysis of the PRC car parking industry, the Company foresees that the next five-year period will be a period of high-growth for car parking assets in the PRC, and there will be a steady supply of new investment opportunities in this industry. The Company aims to maintain sufficient cash reserves to ensure that the Company can take advantage of investment opportunities that may come up in a fast-changing market.

Having considered the market trends in the PRC car parking facilities industry and the Company's liquidity demand, the settlement of a portion of the Consideration by issuance of Consideration Shares therefore allows the Company to conserve its cash expenditure, enabling the Company to have the capability to invest in a greater number of investment opportunities that the Company considers attractive, in turn increasing the likelihood of delivering stronger returns for the Company and its Shareholders.

The Consideration Shares

Issue Price

The Issue Price of HK$0.25 per Consideration Share represents:

(i) a premium of approximately 42.045% to the closing price of HK$0.176 per Share as quoted on the Stock Exchange on 1 November 2018, being the date of the Agreement;

(ii) a premium of approximately 45.858% to the average closing price of approximately HK$0.1714 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 31 October 2018, the last trading day before the date of the Agreement; and

(iii) a premium of approximately 46.113% to the average closing price of approximately HK$0.1711 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 31 October 2018, the last trading day before the date of the Agreement.

Basis for determining the Issue Price

The Issue Price was arrived at after arm's length negotiations between the Company and the Vendor with reference to the prevailing and historical trading prices of the Shares and the current market conditions.

Number of Consideration Shares

When allotted and issued, the Consideration Shares will represent approximately:

(i) 0.743% of the total number of issued Shares of the Company as at the date of the Agreement; and

(ii) 0.738% of the total number of issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the total number of issued Shares of the Company between the date of the Agreement and the issuance of the Consideration Shares).

Ranking

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue on the date of allotment and issue of the Consideration Shares.

Restrictions on subsequent sale

There is no restriction on the subsequent sale of the Consideration Shares by the Vendor and/or its nominee.

Mandate to issue the Consideration Shares

At the GM, the Company will seek the Specific Mandate from the Independent Shareholders in order to issue the Consideration Shares.

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions Precedent

Completion is conditional upon the following Conditions Precedent being fulfilled to the parties' satisfaction unless waived in writing by the parties:

(i) the Purchaser or its representative completing and being satisfied with the results of the due diligence review on the business, legal, financial and other aspects of the Target Company and appointing a qualified PRC institution to produce a valuation report on the Target Company;

(ii) the Target Company approving the resolutions regarding the Acquisition, the Agreement and any agreements related to the Agreement;

(iii) the Company and the Purchaser having obtained all necessary internal and external approvals and consents in relation to the Acquisition, the Agreement and any agreements related to the Agreement (including but not limited to any relevant state-owned assets approval, registration procedures and Shareholders' approval, if any);

(iv) the Target Company and the Purchaser having obtained all necessary approvals and consents in relation to this Acquisition from relevant government departments, and completing the relevant registrations at the competent Administration for Industry and Commerce and obtaining a new business license, and completing filing procedures at the competent commerce authority;

(v) the Company obtaining the approval from the Independent Shareholders at the GM for the allotment and issue of the Consideration Shares under the Specific Mandate in accordance with the requirements under the Listing Rules; and

(vi) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consideration Shares.

In the event that the above Conditions Precedent are not fulfilled, or waived (where legally permissible) unanimously in writing by the parties to the Agreement, within one year of the signing of the Agreement, the Agreement shall terminate.

In addition, the Purchaser should obtain the relevant approvals and consents under Condition Precedent (iii) above within three months of the signing of the Agreement. If the Purchaser is unable to obtain the aforementioned approvals, the Vendor has the right to terminate the Acquisition without liability, or to consult with the Purchaser in relation to continuing the Acquisition or making adjustments to the transaction plan.

As at the Latest Practicable Date, the due diligence review under Condition Precedent (i) is complete, and the valuation report under Condition Precedent (i) is nearing completion. Conditions Precedent (ii) to (vi) are in progress and have not been waived.

Completion

Completion shall take place subject to the fulfillment or waiver (as the case may be) of the above conditions. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Purchaser.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save for the fund raising activity mentioned below, the Company has not conducted any equity fund raising activities in the past twelve month immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds
24 July 2018	Issue of 4,903,741,731 Shares under the subscription agreements	Approximately HK$1,218.2 million	(i) Investment in the car parking business and operations to accommodate the expansion plan of the car parking business; and (ii) investment in the development of 新首鋼高端產業綜合服務區 (New Shougang High-end Industry Comprehensive Service Park*, "**Shougang Park**"). For details, please refer to the Company's announcement dated 24 July 2018.

As at the Latest Practicable Date, the proceeds from the issue of Shares under the subscription agreements aforementioned have not yet been used, and the proceeds are expected to be utilized in the manner as stated above.

EFFECT ON THE SHAREHOLDING OF THE COMPANY

The following table sets out the effect of the issue of the Consideration Shares on the shareholding structure of the Company based on the total number of issued Shares as at the Latest Practicable Date and assuming Completion having taken place, without taking into account any other new Shares, if any, after the Latest Practicable Date and prior to the allotment and issue of the Consideration Shares:

	As at the Latest Practicable Date		Immediately upon the allotment and issue of the Consideration Shares	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
首鋼集團有限公司 (Shougang Group Co., Ltd.*, "**Shougang Group**") *(Note 1)*	12,633,903,865	52.934%	12,633,903,865	52.543%
Rocket Parade Limited ("**Rocket Parade**") and the Vendor or its designated person *(Note 2)*	2,500,000,000	10.475%	2,677,425,528	11.135%
ORIX Asia Capital Limited ("**ORIX Asia**") *(Note 3)*	1,503,741,731	6.300%	1,503,741,731	6.254%
Liang Hengyi *(Note 4)*	3,880,000	0.016%	3,880,000	0.016%
Liu Jingwei *(Note 4, 5)*	1,680,000	0.007%	1,680,000	0.007%
Wang Xin *(Note 4)* together with his spouse	1,200,000	0.005%	1,200,000	0.005%
Public Shareholders	7,223,059,645	30.263%	7,223,059,645	30.040%
Total	23,867,465,241	100.00%	24,044,890,769	100.00%

Notes:

1. Shougang Group is interested in all the Shares held by its direct and indirect subsidiaries, namely, Shougang Holding (Hong Kong) Limited ("**Shougang Holding**", holding 360,601,160 Shares), China Gate Investments 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 Limited ("**Jingxi Holdings**", holding 4,591,579,245 Shares).

2. Rocket Parade and the Vendor are indirectly wholly-owned by NWS Holdings which is held as to 61.01% by New World Development.

3. ORIX Corporation is interested in all the Shares held by its wholly-owned subsidiary, ORIX Asia.

4. Directors.

5. Liu Jingwei is interested in all the Shares held by himself directly (being 1,380,000 Shares) and a corporation controlled by him (being 300,000 Shares).

INFORMATION ON THE TARGET COMPANY

The Target Company was established in 26 November 2007 under the laws of the PRC with limited liability. The Target Company and its subsidiaries are principally engaged in the provision of parking management services in Beijing, Shanghai and Chongqing. The number of parking spaces under the Target Company's management is over 10,000 and most of them are located in the cities' core areas.

Financial information

As at 30 September 2018, the audited consolidated net asset value of the Target Company was RMB707,441.44 and the consolidated total asset value of the Target Company was RMB20,528,591.01.

In addition, the Target Company's audited consolidated net profit for the years ended 31 December 2016 and 2017 prepared in accordance with China Accounting Standards for Business Enterprises are as follows:

	For the years ended 31 December	
	2016	**2017**
	RMB	*RMB*
Net profit before taxation	404,290.79	2,097,518.34
Net profit after taxation	59,074.59	1,404,609.43

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) the business of management and operations of car parking assets 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.

For the car parking business, the Group aims to provide integrated car park management and solution services to car park owners with a view to offering safe, secure, efficient and tidy parking facilities to customers. The services involve the design, architecture, operation and management of the smart car parking system in the PRC and provision of solutions and services in relation thereto. A well-managed car park can contribute to a property's value and returns. Accordingly, the Group's experienced car park business management team will try its best to maximise revenue potential of car parks by applying the management team's industry knowledge. The management team may analyse the business performance of car parks and develop strategies to raise the revenue potential of car parks.

One of the Group's major business is operation and management of parking facilities in the PRC with a market focusing tactic in first-tier cities. The Group has been actively expanding its business in the car parking industry since 2017. Through the Acquisition, the Target Company could contribute all its revenue and profit into the Group and the experienced team from the Target Company will help the Group to expand the market share. The Board considers that the Acquisition represents a good opportunity for the Group to further engage in the car parking industry in the PRC.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms in the Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

As at the date of this circular, the Target Company and certain subsidiaries of New World Development have entered into the Carpark Operation Contractor Agreements and the Carpark Management Agreement, which will, after Completion, continue to subsist. Upon Completion, Target Company will become a subsidiary of the Company. NWS Holdings, which is a substantial shareholder of the Company, is held as to 61.01% by New World Development. Since New World Development is a connected person of the Company, such subsisting transactions between the Target Company and certain subsidiaries of New World Development will constitute continuing connected transactions under Chapter 14A of the Listing Rules following Completion. Details are set out below:

(a) Carpark Operation Contractor Agreements

The Target Company is a party to the three separate Carpark Operation Contractor Agreements with each of Beijing Chongwen, Beijing Chongyu and China New World Electronics, each of which is a subsidiary of New World Development. The principal terms of the three Carpark Operation Contractor Agreements are as follows:

Date of the agreements

1 April 2015

Subject matter

Pursuant to the Carpark Operation Contractor Agreements, the Target Company will provide carpark operation services to Beijing Chongwen, Beijing Chongyu and China New World Electronics for different sections of the Beijing Carparks, and the Target Company will be entitled to income from parking, car detailing, rental fees in the car park, advertising revenue and other service incomes.

Term

An initial term of 36 months commencing on 1 April 2015 and expiring on 31 March 2018, after which the Target Company may opt to (and, with respect to the year commencing 1 April 2018, has opted to) renew the respective Carpark Operation Contractor Agreements for a successive period of one year each, until 10 years from the date of the agreement, subject to any framework agreement applicable to the Target Company and re-compliance with the Listing Rules at the relevant time. The Independent Financial Adviser will express its views on the term of the Carpark Operation Contractor Agreements in this circular. The Company expects that the Target Company will continue to renew the respective Carpark Operation Contractor Agreements.

Fees

Pursuant to the respective Carpark Operation Contractor Agreements, the Target Company shall pay fees to Beijing Chongwen, Beijing Chongyu and China New World Electronics as follows:

Beijing Chongwen

For the period between 1 April 2015 to 31 March 2017 – RMB1,166,975 per year. For the period commencing from 1 April 2017, the fees shall be increased by 5% for every subsequent two years period.

Beijing Chongyu

For the period between 1 April 2015 to 31 March 2017 – RMB1,900,000 per year. For the period commencing from 1 April 2017, the fees shall be increased by 5% for every subsequent two years period.

China New World Electronics

For the period between 1 April 2015 to 31 March 2017 – RMB733,025 per year. For the period commencing from 1 April 2017, the fees shall be increased by 5% for every subsequent two years period.

(b) Carpark Management Agreement

The Target Company is a party to the Carpark Management Agreement with Beijing Xianghe, a subsidiary of New World Development. The principal terms of the Carpark Management Agreement are as follows:

Date of the agreement

1 April 2018

Subject matter

Pursuant to the Carpark Management Agreement, the Beijing Xianghe will be responsible for the management and maintenance services of certain sections of the Beijing Carparks.

Term

A term of 24 months, commencing on 1 April 2018 and expiring on 31 March 2020. The Company will consider whether to seek to continue the Carpark Management Agreement closer in time to its expiration.

Fees

Pursuant to the Carpark Management Agreement, the Target Company shall pay to Beijing Xianghe a monthly fee of RMB145,000, amounting to an annual fee of RMB1,740,000 per year.

Annual Caps

(a) Carpark Operation Contractor Agreements

Pursuant to the Carpark Operation Contractor Agreements, the Target Company shall, in aggregate, pay fees to Beijing Chongwen, Beijing Chongyu and China New World Electronics as follows:

1 April 2015 to 31 March 2017 – RMB3,800,000 per year

1 April 2017 to 31 March 2019 – RMB3,990,000 per year

1 April 2019 to 31 March 2021 – RMB4,189,500 per year

1 April 2021 to 31 March 2023 – RMB4,398,976 per year

1 April 2023 to 31 March 2025 – RMB4,618,924 per year

(b) Carpark Management Agreement

Pursuant to the Carpark Management Agreement, the Target Company shall pay to Beijing Xianghe RMB1,740,000 per year.

The above annual caps are determined with reference to market rates.

Information on the parties

Beijing Chongwen is principally engaged in property investment, development and hotel operation.

Beijing Chongyu is principally engaged in property investment and development.

China New World Electronics is principally engaged in property investment and development.

Beijing Xianghe is principally engaged in property management.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Target Company has been operating under the Carpark Operation Contractor Agreements and Carpark Management Agreement for a certain period of time before the Acquisition. The fees under the Carpark Operation Contractor Agreements and Carpark Management Agreement reflect market rates in similar locations in the PRC. In particular, in similar PRC car parking facility projects, the aggregate fees to be paid under operation contractor and management arrangements usually range between approximately 30–50% of the incomes to be earned from the car parking facility. The fees under the Carpark Operation Contractor Agreements and Carpark Management Agreement fall within this range. The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions are on normal commercial terms which are fair and reasonable and the entering into of the Carpark Operation Contractor Agreements and the Carpark Management Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition

The Target Company is wholly-owned by the Vendor. The Vendor is an indirect wholly-owned subsidiary of NWS Holdings, which is a substantial shareholder of the Company. The Vendor is therefore a connected person of the Company, and the transactions contemplated under the Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are below 5%, and the Consideration will be partially satisfied by the allotment and issue of Consideration Shares for which listing will be sought, the Acquisition constitutes a share transaction of the Company under Chapter 14 of the Listing Rules.

The Acquisition is subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and is exempt from the Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules, except for the allotment and issuance of Consideration Shares to the Vendor, which is subject to approval by the Independent Shareholders at the GM for the grant of the Specific Mandate and approval for the listing of, and permission to deal in, the Consideration Shares by the Stock Exchange.

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. Rocket Parade and the Vendor are indirectly wholly-owned by NWS Holdings. To the best of the knowledge of the Directors, as at the Latest Practicable Date, Rocket Parade was the beneficial owner of 2,500,000,000 Shares, representing approximate 10.475% of the existing total number of issued Shares. As such, Rocket Parade shall abstain from voting at the GM in relation to the resolution proposed to approve the allotment and issue of Consideration Shares pursuant to the Specific Mandate.

The Continuing Connected Transactions

Beijing Chongyu is a wholly-owned subsidiary while Beijing Chongwen, China New World Electronics and Beijing Xianghe are non-wholly owned subsidiaries of New World Development, which is a connected person of the Company. Therefore, each of Beijing Chongwen, Beijing Chongyu, China New World Electronics and Beijing Xianghe is a connected person of the Company under the Listing Rules.

Accordingly, the Carpark Operation Contractor Agreements and the Carpark Management Agreement will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Completion. As each of the percentage ratios on an annual basis calculated with reference to the annual caps is less than 5% when aggregated, the Carpark Operation Contractor Agreements and the Carpark Management Agreement are only subject to the reporting, announcement and annual review requirements and are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Ho Gilbert Chi Hang abstained from voting at the board meeting of the Company to approve matters in relation to the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares) and the Continuing Connected Transactions by virtue of his directorships in the Vendor and NWS Holdings.

GM

The GM will be convened at which an ordinary resolution will be proposed to consider and, if thought fit, approve the allotment and issue of Consideration Shares pursuant to the Specific Mandate.

A notice convening the GM to be held at 10:00 a.m. on Thursday, 20 December 2018 at Concord Room 1, 8/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong is set out on pages 88 to 89 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 10:00 a.m. on Tuesday, 18 December 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 the GM must be taken by poll. Accordingly, the Company will procure that the chairman of the GM shall demand voting on all resolutions set out in the notice of GM be taken by way of poll.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular which contains the recommendations to the Independent Shareholders. Your attention is also drawn to the letter from the Independent Financial Advisor set out on pages 22 to 53 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. Ho Gilbert Chi Hang (who, by virtue of his directorships in the Vendor and NWS Holdings, has abstained from voting in respect of the resolution proposed to approve matters in relation to the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares pursuant to the Specific Mandate) and the Continuing Connected Transactions) consider that the matters in relation to the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares) and the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the GM.

Completion is conditional upon, among other things, the satisfaction of the Conditions Precedent. Therefore, the Acquisition may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares or other securities of the Company.

Yours faithfully
Shougang Concord International Enterprises Company Limited
Zhao Tianyang
Chairman

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)

28 November 2018

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

We refer to the circular of the Company to the Shareholders dated 28 November 2018 (the "**Circular**"), in 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 matters in relation to the Agreement (including the Acquisition and the issue of Consideration Shares pursuant to the Specific Mandate) and the Continuing Connected Transactions 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 on matters in relation to the Agreement (including the Acquisition and the issue of Consideration Shares pursuant to the Specific Mandate) and the Continuing Connected Transactions as set out on pages 22 to 53 of the Circular and the letter from the Board set out on pages 5 to 20 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 matters in relation to the Agreement (including the Acquisition and the issue of Consideration Shares pursuant to the Specific Mandate) and the Continuing Connected Transactions are on normal commercial terms, are fair and reasonable, are in the ordinary and usual course of business of the Group 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 approving the grant of the Specific Mandate 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

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, which has been prepared for the purpose of inclusion in this circular.

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

28 November 2018

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

(1) CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (2) CONTINUING CONNECTED TRANSACTIONS

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 Acquisition and duration of the Carpark Operation Contractor Agreements, 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 28 November 2018 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Acquisition

On 1 November 2018, the Company, the Purchaser, the Vendor and the Target Company entered into the Agreement pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares at a total consideration of RMB49,380,000 (equivalent to approximately HK$55,591,831), which shall be settled partly by cash and partly by the issue of the Consideration Shares by the Company under the Specific Mandate at the Issue Price of HK$0.25 per Share. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

The Target Company is wholly-owned by the Vendor. The Vendor is an indirect wholly-owned subsidiary of NWS Holdings, which is a substantial shareholder of the Company. The Vendor is therefore a connected person of the Company, and the transactions contemplated under the Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are below 5%, and the Consideration will be partially satisfied by the allotment and issue of Consideration Shares for which listing will be sought, the Acquisition constitutes a share transaction of the Company under Chapter 14 of the Listing Rules.

The Acquisition is subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and is exempt from the Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules, except for the allotment and issuance of Consideration Shares to the Vendor, which is subject to approval by the Independent Shareholders at the GM for the grant of the Specific Mandate and approval of the listing of, and permission to deal in, the Consideration Shares by the Stock Exchange.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in a connected transaction must abstain from voting on the corresponding resolution. Rocket Parade and the Vendor are indirectly wholly-owned by NWS Holdings. To the best of the knowledge of the Directors, as at the Latest Practicable Date, Rocket Parade was the beneficial owner of 2,500,000,000 Shares, representing approximately 10.475% of the existing total number of issued Shares. As such, Rocket Parade shall abstain from voting at the GM in relation to the resolution proposed to approve the allotment and issue of Consideration Shares pursuant to the Specific Mandate.

The Continuing Connected Transactions

As at the Latest Practicable Date, the Target Company, and each of Beijing Chongyu, Beijing Chongwen, China New World Electronics and Beijing Xianghe have entered into the Carpark Operation Contractor Agreements and the Carpark Management Agreement, which will, after Completion, continue to subsist.

Upon Completion, the Target Company will become a subsidiary of the Company. Beijing Chongyu is a wholly-owned subsidiary while Beijing Chongwen, China New World Electronics and Beijing Xianghe are non-wholly owned subsidiaries of New World Development; and NWS Holdings, which is a substantial shareholder of the Company, is held as to 61.01% by New World Development. Therefore, each of Beijing Chongwen, Beijing Chongyu, China New World Electronics and Beijing Xianghe is a connected person of the Company under the Listing Rules. Accordingly, the Carpark Operation Contractor Agreements and the Carpark Management Agreement will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Completion. As each of the percentage ratios on an annual basis calculated with reference to the annual caps is less than 5% when aggregated, the Carpark Operation Contractor Agreements and the Carpark Management Agreement are only subject to the reporting, announcement and annual review requirements and are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the term of the Carpark Operation Contractor Agreements is longer than three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed us as the Independent Financial Adviser to explain the reasons for requiring a term longer than three years and to confirm whether it is normal business practice for similar types of agreements.

Mr. Ho Gilbert Chi Hang abstained from voting at the board meeting of the Company to approve matters in relation to the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares) and the Continuing Connected Transactions by virtue of his directorships in the Vendor and NWS Holdings.

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao and Ms. Zhang Quanling, but excluding Mr. Ho Gilbert Chi Hang (who, by virtue of his directorships in the Vendor and NWS Holdings, has abstained from voting in respect of the resolution proposed to approve matters in relation to the Agreement (including the Acquisition, and the allotment and issue of Consideration Shares pursuant to the Specific Mandate) and the Continuing Connected Transactions), has been established to advise the Independent Shareholders as to whether the terms of the Agreement (including the Acquisition and the allotment and issue of the Consideration Shares pursuant to the Specific Mandate) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition (including the allotment and issue of the Consideration Shares pursuant to the Specific Mandate) and the duration of the Carpark Operation Contractor Agreements 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 ordinary resolution to be proposed at the GM to approve the 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. We have also been appointed to explain the reasons for requiring a term longer than three years of the Carpark Operation Contractor Agreements and to confirm whether it is normal business practice for similar types of agreements.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company, any party to the Agreement or the Carpark Operation Contractor Agreements, or close associate or core connected person of the Company or any party to the Agreement or the Carpark Operation Contractor Agreements 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 (i) the connected subscriptions, and the entering into of the fund subscription agreement and partnership agreement; and (ii) the entering into of the framework agreement in relation to formation of funds, details of which were disclosed in the circulars of the Company dated 27 August 2018 and 29 August 2018 respectively. 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. Given that remuneration for our engagement to opine on the Agreement and the transactions contemplated thereunder and the Carpark Operation Contractor Agreements is on normal commercial terms and not conditional upon successful passing of the relevant ordinary resolution at the GM, we are independent of the Company. Based on the foregoing and notwithstanding that 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 Agreement and the transactions contemplated thereunder and the Carpark Operation Contractor Agreements as described above.

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, the Target Company, or any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Acquisition, we have considered the following principal factors and reasons:

1. Background of the Group, the Purchaser and the Vendor

The Company and 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 management and operations of car parking assets 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.

The Purchaser

The Purchaser, 首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd.*, "**Shouzhong**"), is principally engaged in the business of car parking facilities investment and operation in the PRC and a wholly-owned subsidiary of the Company. The Purchaser and its subsidiaries are principally engaged in provision of design, architecture, operation and management services of car parking lots with a focus on smart car parking system in the PRC.

The Vendor

The Vendor is principally engaged in car park management, car park consultation services, car park interior design, 24-hour centralised control center and procurement of car park equipments. It is an indirect wholly-owned subsidiary of NWS Holdings, which is a substantial shareholder of the Company. NWS Group is principally engaged in (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, construction, transport and strategic investments.

2. Financial information of the Group

The following table summarises the key financial information of the Group for the years ended 31 December 2016 and 2017, and the six months ended 30 June 2017 and 2018 as extracted from the annual report of the Company for the year ended 31 December 2017 (the "**2017 Annual Report**") and the interim report of the Company for the six months ended 30 June 2018 (the "**2018 Interim Report**"), respectively.

	For the six months ended 30 June		**For the year ended 31 December**	
	2018	**2017**	**2017**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Revenue	818,375	1,305,909	3,816,145	1,035,606
Continuing operations				
– Trading business (including sale of iron ore and other steel related products)	*736,530*	*1,304,001*	*3,812,329*	*1,031,984*
– Fund management business (Note 1)	*49,933*	–	–	–
– Car parking business (Note 2)	*30,674*	–	–	–
– Management services and leasing income	*1,238*	*1,908*	*3,816*	*3,622*
Discontinued operations				
– Sale of steel products (Note 3)	–	–	–	*6,262,980*
– Mineral exploration and processing (Note 3)	–	–	–	–
Gross profit	51,534	11,339	9,110	49,394
Gross profit margin	*6.3%*	*0.9%*	*0.2%*	*4.8%*
Profit/(loss) for the period/year	215,633	141,725	57,286	(1,954,220)
– Continuing operations	*215,633*	*141,725*	*57,286*	*(476,215)*
– Discontinued operations	–	–	–	*(1,478,005)*

Notes:

1. The Group expanded its business to fund management business through its acquisition of 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.*, "**Jingji**") at the end of 2017. The principal activity of Jingji and its subsidiaries is provision of private fund management services in the PRC.

2. The Group expanded its business to car parking business through its acquisition of Shouzhong in late 2017. The principal activity of Shouzhong and its subsidiaries is the provision of design, architecture, operation and management services of car parking lots with a focus on smart car parking system in the PRC.

3. 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.

		As at	
	30 June 2018	**31 December 2017**	**31 December 2016**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(audited)*	*(audited)*
Property, plant and equipment	5,246	4,850	2,246
Interests in associates	5,201,569	5,073,079	4,654,460
Bank balances and cash	1,569,997	1,389,628	537,488
Net current assets/(liabilities)	1,482,337	1,586,151	(172,286)
Total assets	7,851,143	8,186,309	5,847,436
Total liabilities	(427,437)	(942,657)	(1,142,226)
Net assets	7,423,706	7,243,652	4,705,210

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.

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 Mount Gibson Iron Limited ("**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 return on asset ("**ROA**") and return on equity ("**ROE**") for the year ended 31 December 2016 to ROA and ROE of approximately 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.

For the six months ended 30 June 2017 and 2018

Revenue of the Group from continuing operations decreased from approximately HK$1,305.9 million for the six months ended 30 June 2017 to approximately HK$818.4 million for the six months ended 30 June 2018, representing a decrease of approximately 37.3% as compared to corresponding period in the prior year. As stated in the 2018 Interim Report, such decrease was mainly due to that after the injection of new businesses and based on the status quo of the iron ore trading business, the Group decided to strictly control the risk of iron ore trading and gradually reduce the revenue from iron ore trading as well as the volume of iron ore transactions.

Despite the decrease in revenue, gross profit derived from the Group's continuing operations increased from approximately HK$11.3 million for the six months ended 30 June 2017 to approximately HK$51.5 million for the six months ended 30 June 2018, and gross profit margin of the Group's continuing operations increased from approximately 0.9% to approximately 6.3% during the same period. As stated in the 2018 Interim Report, the increase in gross profit margin from continuing operations was mainly attributable to the fund management business and car parking business which became the major businesses of the Group during the six months ended 30 June 2018. The gross profit margins of both private fund management business and car park operation business were higher than that of iron ore trading business, especially the fund management business, the gross profit margin for the six months ended 30 June 2018 of which was up to approximately 88%.

As at 30 June 2018, total assets of the Group amounted to approximately HK$7,851.1 million, of which interests in associates and bank balances and cash amounted to approximately HK$5,201.6 million and HK$1,570.0 million, respectively, representing approximately 66.3% and 20.0% of the total assets of the Group, respectively. Total liabilities of the Group decreased to approximately HK$427.4 million as of 30 June 2018 from approximately HK$942.7 million as of 31 December 2017. Such decrease was primarily attributable to the decrease in trade and bills payables of approximately HK$439.1 million.

3. Information on the Target Company

The Target Company was established on 26 November 2007 under the laws of the PRC with limited liability and is wholly-owned by the Vendor. The Target Company and its subsidiaries (the "**Target Group**") are principally engaged in the provision of parking management services in Beijing, Shanghai and Chongqing.

As advised by the management of the Group, the Target Group is currently providing asset management services to eight car parks with total of 10,212 parking spaces located in Beijing, Shanghai and Chongqing. The Target Group has entered into certain long-term management services agreements with the relevant landlords with tenure ranging from one year to 10 years. To the best knowledge and belief of the Directors, the car parks, other than the Beijing Carparks, were owned by parties independent of and not connected with the Company as at the Latest Practicable Date.

Set out below is the car park portfolio currently under management by the Target Group:

	Car park location	Ownership of the car park land use right	Tenure of management services agreement	Gross Floor Area ("GFA") *(sq.m.)*	Number of car parking space
1.	Beijing Carparks	1. Beijing Chongwen 2. China New World Electronics 3. Beijing Chongyu	From 1 Apr 2015 to 31 Mar 2025; and after the expiration, the Target Company has the priority to renew the agreement under the same conditions.	29,487.21	992
2.	北京微軟集團總部	微軟(中國)有限公司	From 1 Apr 2018 to 31 Mar 2023	18,685	600
3.	北京興隆大廈	北京瑞來物業管理有限公司	From 16 Sept 2018 to 15 Sept 2019; and after the expiration, the Target Company has the priority to renew the agreement under the same conditions.	18,000	560
4.	上海尚景天地	上海遠虹實業有限公司	From 1 Apr 2017 to 31 Mar 2022; and after the expiration, the Target Company has the priority to renew the agreement for a successive period of five years.	5,000	130
5.	上海鎮坪智選假日酒店	上海東方航空賓館有限公司	From 1 Jan 2018 to 31 Dec 2018; and after the expiration, the Target Company has the priority to renew the agreement for a successive period of one year.	2,000	60
6.	重慶宜家家居廣場	重慶宜家家居有限公司	From 1 Dec 2015 to 30 Nov 2018	60,000	1,560
7.	重慶中渝國際都會	重慶中渝物業發展有限公司	From 19 Sept 2016 to 18 Sept 2021; and after the expiration, the Target Company has the priority to renew the agreement.	240,440.54	5,000
8.	重慶金融財富中心	重慶香江高科地產發展有限公司	From 1 Apr 2018 to 31 Mar 2020; and after the expiration, the Target Company has the priority to renew the agreement.	43,962.35	1,310
			Total	**417,575.1**	**10,212**

As disclosed in the Letter from the Board, the audited consolidated net profit of the Target Group for the years ended 31 December 2016 and 2017 prepared in accordance with China Accounting Standards for Business Enterprises are as follows:

	For the years ended 31 December	
	2017	**2016**
	RMB	*RMB*
Net profit before taxation	2,097,518.34	404,290.79
Net profit after taxation	1,404,609.43	59,074.59

As at 30 September 2018, the audited consolidated net asset value of the Target Company was RMB707,441.44 and the consolidated total asset value of the Target Company was RMB20,528,591.01. As advised by the management of the Group, the net profit after taxation for the trailing 12 months ended 31 August 2018 (i.e. from 1 September 2017 to 31 August 2018) of the Target Group (the "**12-month August 2018 Profit**") was approximately RMB1,220,827.

As illustrated in the table above, the Target Group recorded a net profit after taxation of approximately RMB1.4 million for the year ended 31 December 2017 as compared to a net profit after taxation of approximately RMB59,000 for the year ended 31 December 2016. As advised by the management of the Group, the improvement in net profit after taxation was mainly due to reduction in administrative and other expenses given better cost control on its operations. We were further advised by the management of the Group, following their due diligence review on the financial and operation position of the Target Group, the 12-month August 2018 Profit is normalised to reflect the sustainable net profit of the Target Group. The normalisation includes (i) one-off items adjustment; (ii) expected cost saving from cost control plans to be implemented after Completion; and (iii) the relevant taxation effect after taking into account the adjustments in (i) and (ii) above. The normalised 12-month August 2018 Profit (the "**Normalised August 2018 Profit**") was approximately RMB2,904,652.

In assessing the fairness and reasonableness of the Consideration, we have reassessed the Normalised August 2018 Profit based on consolidated net profit after taxation of the Target Company for the year ended 31 December 2017 and the eight months ended 31 August 2018 which was prepared in accordance with China Accounting Standards for Business Enterprises with the adjustments set out below:

	RMB thousand
12-month August 2018 Profit	1,221
Add: one-off items adjustment *(Note 1)*	737
Add: cost saving from cost control plans (*Note 2*)	1,480
Less: taxation effect after taking into account the above adjustments	(533)
Normalised August 2018 Profit	**2,905**

Notes:

1. As advised by the management of the Group, the one-off items adjustment include (i) additional costs incurred during substantial leasehold improvement projects undertaken in the car parks of NWS Holdings which has been completed in August 2018; (ii) staff lay-off one-off compensation cost due to loss of car park project; (iii) one-off software development cost which has been completed in February 2018; (iv) impairment loss of long outstanding receivable; and (v) one-off consultancy fee for a terminated project. The management of the Group estimated that the Target Group has incurred approximately RMB737,000 for the aforesaid one-off items during the trailing 12-month ended 31 August 2018.

2. As advised by the management of the Group, after Completion, the Group will implement the following cost control plans which will effectively reduce the operating cost of the Target Group given that the Target Group can share the relevant resources with those of the Group upon Completion, which includes (i) optimisation of overall staff cost by termination of redundancy staff; (ii) optimisation of office space by terminating the existing lease of head office of the Target Group; and (iii) termination of certain existing legal services of the Target Group as the Group has its internal legal department. The management of the Group expected that such cost control plans would reduce costs of approximately RMB1,480,000 per annum.

As advised by the management of the Group, the Company, when assessing the profitability of the Target Group and negotiating the Consideration, has taken into account the relevant operational and financial performance of the Target Group after Completion when the Target Group is under the management of the Group. Based on our discussion with the management of the Group, the aforesaid adjustments including the taxation effect is estimated based on (i) the estimated number of staff required to manage the relevant car parks based on the experience and actual staff requirement for existing car parks managed by the Group, (ii) the overlapping functions between the Target Group and the Group which the management of the Group consider can share with the existing resources of the Group, (iii) the one-off items incurred in the trailing 12-month ended 31 August 2018 which the management of the Group considered to be unlikely to incur after Completion; (iv) prevailing government tax policies; and (v) the valuation of the Target Group.

Taking into account that the substantial leasehold improvement projects undertaken in the car parks of NWS Holdings were completed in August 2018 and the management of the Group considered that part of the relevant costs incurred during such leasehold improvement projects of approximately RMB70,000 should be capitalised while the Target Company recognised them as expenses, we concur with the view of the Directors that such additional costs are one-off in nature.

As advised by the management of the Group, given that only approximately RMB40,000 of profit was generated from the lost cark park project during the trailing 12-month ended 31 August 2018, the Directors considered that such amount is relatively insignificant compared to the total profit of the Target Company for the trailing 12-month ended 31 August 2018, and therefore the management of the Group considered that such profit generated from the lost car park project had no material impacts and was not excluded. Considering that such loss of car park project is a one-off event and save for the abovementioned lost car park project, the Target Company has been able to renew all other parking management services agreements which were expired during the trailing 12-month ended 31 August 2018, we concur with the Directors that such loss of car park project is a one-off item to the Target Company.

In accessing the fairness and reasonableness of the estimated cost of RMB1,480,000 regarding the cost saving from cost control plans, we have (i) obtained the operation plans of the car parks projects of NWS Holdings to be implemented after Completion and compared with the historical staff cost incurred in those car parks projects of NWS Holdings; (ii) obtained the existing lease agreement of head office of the Target Group and reviewed the historical rental and related expenses of the Target Group; and (iii) obtained the engagement letter with the legal advisers of the Target Company and reviewed the relevant expenses of the Target Group, we are of the view that the estimated cost of RMB1,480,000 regarding the cost saving from cost control plans is justifiable.

4. Outlook of the car parking industry in the PRC

It is noted that the real estate investment and the sale revenue of commercial properties in the PRC continued to expand in recent years. According to the National Bureau of Statistics of the PRC (中華人民共和國統計局), the total real estate investment and sale revenue of commercial properties of the PRC increased from approximately RMB6.2 trillion and RMB5.9 trillion in 2011 to approximately RMB10.3 trillion and RMB11.8 trillion in 2016, respectively, representing a CAGR of approximately 10.7% and 14.9%, respectively.

As mentioned 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 parking spaces in the PRC is benefited as well.

To assess the market conditions and prospects of car parking business in the PRC, we have further conducted research on the potential demand for parking facilities in the PRC:

– According to 深圳市停車產業發展報告2017 (Shenzhen Parking Industry Development Report 2017*) issued by the Development and Reform Commission of Shenzhen Municipality (深圳市發展和改革委員會) in February 2018, the penetration rate of civil vehicles 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 demands for more than 50 million parking spaces. As the penetration rate of civil vehicles in the PRC continues to rise, the demand for parking facilities will continue to expand and is expected to reach approximately 364 million in 2020.

– According to 停車行業發展白皮書2017 (Parking Industry Development White Paper 2017*) jointly issued by 北京清華同衡規劃設計研究院有限公司 (Beijing Tsing Hua Urban Planning and Development Institute Co., Ltd.*) and China Urban Public Transport Association (中國城市公共交通協會) in May 2018, as at 31 December 2017, the total number of civil vehicles were approximately 5.6 million in Beijing and approximately 4.7 million in Shanghai. However, as at 31 December 2017, there were only approximately 2.1 million and 0.6 million of parking spaces in Beijing and Shanghai, respectively, indicating a significant shortage of approximately 7.6 million in parking spaces in these two main cities in the PRC.

In addition, in view of the severe shortage of parking spaces, the PRC Central Government has proposed a series of guidance and notices in respect of the strengthening of the parking management and facilities since 2015, so as to cope with rapid development in urban areas. These guidance and notices include, but not limited to, (i)《關於加強城市停車設施建設的指導意見》(Guidance Opinions on Strengthening the Construction of Urban Parking Facilities*) published by the National Development and Reform Commission, the PRC (the "**NDRC**") in August 2015; (ii)《加快城市停車場建設近期工作要點與任務分工》(Notice on the Key Points of Recent Work and the Division of Labor for Speeding up the Construction of Urban Parking Facilities*) published by the NDRC in January 2016; (iii)《關於進一步完善城市停車場建設及用地政策的通知》(Notice on further improvements in respect of the Construction of Urban Parking Facilities and the Land-use Policy*) jointly published by the Ministry of Housing and Urban-Rural Development of the PRC and the Ministry of Land and Resources of the PRC in September 2016; (iv)《關於開展城市停車場試點示範工作的通知》(Notice on the Commencement of Piloting and Demonstration of the Urban Parking Facilities*) published by the NDRC in April 2017; and (v)《關於開展城市停車設施規劃建設督查工作的通知》(Notice on the Commencement of Supervision Work on the Construction of Urban Parking Facilities*) published by the Ministry of Housing and Urban-Rural Development of the PRC in July 2017. Furthermore, the PRC Provincial-level Governments of Beijing, Shanghai and Chongqing, in which the Target Company and its subsidiaries provide parking management services, have also published a series of guidance and plans in respect of the strengthening of the parking management and facilities for the respective municipalities, including but not limited to (i)《北京市機動車停車條例》(Rules for the Administration of Motor Vehicle Parking in Beijing Municipality*) promulgated by Beijing Municipal Government and become effective in May 2018; (ii)《關於促進本市停車資源共享利用的指導意見》(Guidance Opinions on Sharing of Urban Parking Facilities*) published by Shanghai Municipal People's Government in September 2016; and (iii)《主城區公共停車場和步行系統建設實施方案》(Implementation Plan for the Construction of Public Parking Facilities and Pedestrian System in the Main City*) published by Chongqing Municipal People's Government in December 2017.

In view of (i) the growth in the economy and real estate market in the PRC; (ii) the relatively low penetration rate of auto vehicles in the PRC at the moment, indicating significant potential for continuous growth of the PRC automobile market as well as the continuous increasing demand of parking facilities; (iii) the severe shortage of parking spaces in the PRC; and (iv) the guidance, notices and implementation plans from the PRC Central Government and the PRC Provincial-level Governments to improve the urban parking management and facilities, we consider that it is justifiable for the Group to pursue further in its car parking business and operations in the PRC in order to capture the potential market demands.

5. Reasons for and benefits of the Acquisition

As disclosed in the Letter from the Board, for the car parking business, the Group aims to provide integrated car park management and solution services to car park owners with a view to offering safe, secure, efficient and tidy parking facilities to customers. The services involve the design, architecture, operation and management of the smart car parking system in the PRC and provision of solutions and services in relation thereto. A well-managed car park can contribute to a property's value and returns. Accordingly, the Group's experienced car parking business management team will try its best to maximise revenue potential of car parks by applying the management team's industry knowledge. The management team may analyse the business performance of car parks and develop strategies to raise the revenue potential of car parks.

One of the Group's major business is operation and management of parking facilities in the PRC with a market focusing tactic in first-tier cities. The Group has been actively expanding its business in the car parking industry since 2017. Through the Acquisition, the Target Company could contribute all its revenue and profit into the Group and the experienced team from the Target Company will help the Group expand the market share. The Board considers that the Acquisition represents a good opportunity for the Group to further engage in the car parking industry in the PRC.

As disclosed in the 2018 Interim Report, it is noted that the Group will make great efforts in developing the investment in and operation of car parking facilities, and adhere to the principle of ''key cities, prime locations and quality parking spaces'', while focusing on segment markets such as airports, hospitals, shopping malls, office buildings and roadside to source high quality and high-return operational projects. For the six months ended 30 June 2018, the car parking business recorded revenue of approximately HK$30.7 million and gross profit margin of approximately 13%. The Group currently has nine car park projects in the PRC and operates approximately 5,800 car parking lots in total. In addition, Shouzhong also owns the car park operation right of a major project in the new airport in Beijing through the investment in 48.125% equity interest in 北京首中停車管理有限公司 (Beijing Shouzhong Car Parking Management Company Limited*), a joint venture of Shouzhong. The operation of the new airport project is for a term of 20 years with an option to extend for a further five years. The new airport in Beijing will have 4,200 parking lots and is expected to be put into operation by the end of 2019.

We have discussed with the management of the Group in respect of the aforesaid reasons for the Acquisition, taking into account that (i) the revenue and segment profit for the car parking business of the Group has been improving since 2017; (ii) the portfolio of car park projects under management by the Group will be increased from nine as at 30 June 2018 to 17 immediately upon Completion; (iii) the Acquisition is in line with the business strategies as stated in the 2018 Interim Report; (iv) as advised by the management of the Group, save for one car parking project lost during the trailing 12-month ended 31 August 2018, the Target Group has been able to renew all other parking management services agreements which were expired during the trailing 12-month ended 31 August 2018; and (v) the positive prospects of the car parking industry in the PRC, we concur with the view of the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the Agreement

6.1 The Agreement

On 1 November 2018, the Company, the Purchaser, the Vendor and the Target Company entered into the Agreement pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares at a total consideration of RMB49,380,000 (equivalent to approximately HK$55,591,831), which shall be settled partly by cash and partly by the issue of the Consideration Shares by the Company under the Specific Mandate at the Issue Price of HK$0.25 per Share.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

6.2 Conditions precedent

Completion is conditional upon the following Conditions Precedent being fulfilled to the parties' satisfaction unless waived in writing by the parties:

(i) the Purchaser or its representative completing and being satisfied with the results of the due diligence review on the business, legal, financial and other aspects of the Target Company and appointing a qualified PRC institution to produce a valuation report on the Target Company;

(ii) the Target Company approving the resolutions regarding the Acquisition, the Agreement and any agreements related to the Agreement;

(iii) the Company and the Purchaser having obtained all necessary internal and external approvals and consents in relation to the Acquisition, the Agreement and any agreements related to the Agreement (including but not limited to any relevant state-owned assets approval, registration procedures and Shareholders' approval, if any);

(iv) the Target Company and the Purchaser having obtained all necessary approvals and consents in relation to this Acquisition from relevant government departments, and completing the relevant registrations at the competent Administration for Industry and Commerce and obtaining a new business license, and completing filing procedures at the competent commerce authority;

(v) the Company obtaining the approval from the Independent Shareholders at the GM for the allotment and issue of the Consideration Shares under the Specific Mandate in accordance with the requirements under the Listing Rules; and

(vi) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consideration Shares.

In the event that the above Conditions Precedent are not fulfilled, or waived (where legally permissible) unanimously in writing by the parties to the Agreement, within one year of the signing of the Agreement, the Agreement shall terminate.

In addition, the Purchaser should obtain the relevant approvals and consents under Condition Precedent (iii) above within three months of the signing of the Agreement. If the Purchaser is unable to obtain the aforementioned approvals, the Vendor has the right to terminate the Acquisition without liability, or to consult with the Purchaser in relation to continuing the Acquisition or making adjustments to the transaction plan.

As at the Latest Practicable Date, the due diligence review under Condition Precedent (i) is complete, and the valuation report under Condition Precedent (i) is nearing completion. Conditions Precedent (ii) to (vi) are in progress and have not been waived.

6.3 The Consideration

As stated in the Letter from the Board, the Consideration of RMB49,380,000 (equivalent to approximately HK$55,591,831) is to be satisfied in the following manner:

(i) RMB9,980,000 (equivalent to approximately HK$11,235,449) to be satisfied in cash; and

(ii) RMB39,400,000 (equivalent to approximately HK$44,356,382) to be satisfied by the Company allotting and issuing the Consideration Shares at the price of HK$0.25 per Consideration Share to the Vendor or its designated person.

The cash component of the Consideration will be financed by the Group's internal resources. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Target Company was established by the Vendor and therefore there was no original acquisition cost to the Vendor. The Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As disclosed in the Letter from the Board, the Company decided to settle a portion of the Consideration by issuance of Consideration Shares because (a) given that the Company has strong need for liquidity for its car parking business, the Company takes a prudent approach to cash management; and (b) the Issue Price of the Consideration Shares, which was arrived at after arm's length negotiations between the Company and the Vendor with reference to the prevailing and historical trading prices of the Shares and the current market conditions, is at a premium against the closing prices of the Shares (as set out below), and shows that the Vendor takes a favourable view on the value of the Shares.

In relation to car parking facility projects that are in the Company's pipeline, the Company expects the liquidity demand to be in the range of approximately RMB650,000,000 (equivalent to approximately HK$730,000,000). Based on the Company's analysis of the PRC car parking industry, the Company foresees that the next five-year period will be a period of high-growth for car parking assets in the PRC, and there will be a steady supply of new investment opportunities in this industry. The Company aims to maintain sufficient cash reserves to ensure that the Company can take advantage of investment opportunities that may come up in a fast-changing market.

Having considered the market trends in the PRC car parking facilities industry and the Company's liquidity demand, the settlement of a portion of the Consideration by issuance of Consideration Shares therefore allows the Company to conserve its cash expenditure, enabling the Company to have the capability to invest in a greater number of investment opportunities that the Company considers attractive, in turn increasing the likelihood of delivering stronger returns for the Company and its Shareholders.

6.4 Basis of determination of the Consideration

As disclosed in the Letter from the Board, the Consideration (including the Issue Price of the Consideration Shares) was arrived upon arm's length negotiations. In determining the Consideration, the Directors considered, among other things:

(i) the brand of the Target Company. With over 10,000 parking spaces under management across Beijing, Shanghai and Chongqing, the Target Company is well-known in the PRC for providing service at international standards. The brand formally entered the PRC in 2007, and is one of the first brands in car parking in the PRC. It has provided services on projects for New World Development, Ikea and Microsoft, and is widely recognised by clients as a professional operator of commercial and office car parking facilities;

(ii) the Target Company's experienced senior management team in the parking business. The senior management members at the Target Company all have at least 10 years of experience in the parking management industry;

(iii) the potential and prospects of the Target Company. The Company intends to develop its car parking business as a middle to long term strategic goal, and the Acquisition will complement the Company's existing operations, particularly in commercial and office car park operations, and will also improve the Company's brand awareness in the industry; and

(iv) the valuation of the Target Company (the "**Valuation**"), being RMB51,978,000 as of 31 August 2018, prepared on the basis of market value using the market approach by Valtech Valuation Advisory Limited, a Hong Kong professional third party valuer independent of the Company and its connected persons (the "**Valuer**"). The market approach involves valuation by comparing a business with identical or similar subjects for which price information is available. In particular, the Valuer applied the Guideline Publicly Traded Company Method for the Valuation, based on trading price multiples of a selected set of comparable public companies, applying in this case, among others, adjustment for marketability due to the Target Company being a private company. Some of the major assumptions include that (a) there is no material change to the political, economic, tax, legal environment and market demand conditions faced by the Target Company; (b) the Target Company can maintain its current condition; and (c) the selected comparable companies share sufficient similarities to the underlying business of the Target Company and that the performance of the Target Company is expected not to significantly deviate from the performance of its industry peers. The Company's management engaged in multiple rounds of discussions with the Target Company's management and with the Valuer. The Directors did not observe material issues which may affect the fairness and reasonableness of the assumptions adopted in the Valuation. Furthermore, the market approach to valuation, as compared to cost-based or income-based valuation approaches, involves fewer assumptions on the inputs to the Valuation as it is based on public information on market participants. Therefore, to the best of the Directors' knowledge and belief, the Directors consider that the methodology and assumptions used for the Valuation are fair and reasonable. The valuation report prepared by the Valuer is set out in Appendix II to the circular.

Presently, the Target Company's main source of profits comes from the Beijing Carparks, which provide a steady stream of profits. As set out in the section headed "Continuing Connected Transactions" in the Letter from the Board, under the Carpark Operation Contractor Agreements, the Target Company may opt to renew the respective Carpark Operation Contractor Agreements for a successive period of one year each, until 10 years from the date of the agreements (that is, until 2025). Therefore, the Company considers that the Target Company's overall profitability and operation should remain stable.

Separately, approximately 10% of the Target Company's gross profits are attributable to the operation of car parking facilities in relation to 8,490 car parking spaces for which agreements may expire in the next three years. Given that these car parking facilities contributed only a minor portion of the gross profits of the Target Company, and that the Target Company has been able to renew existing agreements and/or obtain new agreements over time to replace expired agreements to support the continuity of its business, the Company does not expect these car parking facilities to adversely affect the Target Company's operational stability in material respects.

Taking into account that (i) the Target Group has a long operating history and is one of the first brands in car parking in the PRC; (ii) the Target Group has a strong and reputable clientele such as New World Development, Ikea and Microsoft; (iii) the Target Group's strong capability and quality of service demonstrated by the ability to satisfy the high standard of service provider selection criteria of these reputable customers; (iv) the senior management members of the Target Company have extensive parking management industry knowledge as well as management experience in the parking management business; (v) the existing Carpark Operation Contractor Agreements, from which the Target Company generated its main source of profits, could provide a steady stream of profits to the Target Group in the coming years until 2025; and (vi) as advised by the management of the Group, save for one car parking project lost during the trailing 12-month ended 31 August 2018, the Target Group has been able to renew all other parking management services agreements which were expired during the trailing 12-month ended 31 August 2018 to support the continuity of its business, we are of the view that that the Acquisition will provide strategic support to the Group to pursue further in its car parking business and operations in the PRC and further strengthening its brand awareness and reputation in the car parking industry in the PRC.

As advised by the management of the Group, the Company considers that the size of the Target Company's net assets and total assets are not good indicators of the value of the Target Company, because the Target Company is an asset-light company, and its value lies mainly in its earnings capability. Considering that the major drivers of the values of the companies engaged in the asset management services business are derived almost from earnings capability, and the Target Company, being an asset management services provider in the PRC, competes based on the caliber and abilities of its professional personnel instead of the size of its assets, and therefore we concur with the Directors' view that the net assets and total assets are not good indicators reflecting the value of the Target Company, and consider that the Company did not take the net asset value and the total asset value of the Target Company into account of the Consideration is justifiable.

The Board has engaged the Valuer to perform an independent valuation on the Target Company as at 31 August 2018. Based on the valuation report, the market value of the Target Company as at 31 August 2018 of RMB51,978,000 represents slight premium over the Consideration of RMB49,380,000.

In order to assess the basis in determining the consideration for the Consideration, we have reviewed the valuation report prepared by the Valuer as contained in Appendix II to the Circular and discussed with the Valuer and the management of the Group in respect of the Valuation. For the purpose of due diligence, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification and experience in relation to the performance of the Valuation; and (iii) the steps taken by the Valuer when conducting the Valuation.

6.5 Valuation

Qualification of the Valuer

From the mandate letter and other relevant information provided by the Valuer and based on our interview with the Valuer, we noted that the Valuer is a qualified asset appraisal firm to perform valuation works in Hong Kong. We have discussed with the Valuer in relation to their experiences and understood that the responsible person of the Valuer possesses sufficient qualifications and over eight years of experience in providing valuation services for a number of listed companies on the Stock Exchange. The Valuer has also provided valuation services for companies operating in a wide range of industries, including property management industry. The Valuer has also confirmed that it is independent to the Group, the Vendor, the Target Company and their respective associates. We have reviewed the terms of the engagement of the valuation and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuer. Therefore, on such basis, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for performing the Valuation, and we are of the view that the scope of work of the Valuer is appropriate.

Valuation methodologies

We were given to understand that the Valuer has considered three generally accepted approaches in the Valuation, namely the income approach, cost approach and market approach. As advised by the Valuer, given that the income-producing ability of the Target Company is only one of several factors affecting value from a participant perspective and there is significant uncertainty regarding the amount and timing of future income relating to the Target Company, the Valuer does not consider the income approach is appropriate. The cost approach is considered to be not appropriate as the Target Company is a directly income generating entity and it would not be able to recreate an asset with substantially the same utility as the Target Company, without regulatory or legal restrictions, and the asset could be recreated quickly enough that it would not be willing to pay a significant premium for the ability to use the Target Company immediately. On the other hand, market approach referred to the public information of the market participants, which involve fewer assumptions on the input in the Valuation and reflecting the market expectation and view on the industry. Given there are sufficient numbers of comparable public companies available in markets which facilitate a meaningful comparison and provide inputs for determining the valuation multiple, we concur with the Valuer that the market approach is the appropriate and reliable method in arriving the Valuation.

Reference to the valuation report, we noted that a total of six listed companies have been selected for the Valuation. We noted that the selection criteria used in the Valuation include companies that (i) listed on the Stock Exchange; (ii) principally engaged in provision of asset management services in the PRC which is similar to that of the Target Group; and (iii) with similar financial ratios as the Target Group. We have also reviewed the Valuation and discussed with the Valuer regarding the aforesaid selection criteria and we understand that only companies engaging in similar business segment to the Target Group were selected based on assessment by the Valuer. The Valuer considers that these six comparable companies represent an exhaustive list of companies which fulfil the aforesaid selection criteria as of the date of the Valuation, and are relevant for the purpose of the valuation of the Target Company based on its best knowledge and information available. In evaluating the selection criteria of the Valuer, we have independently searched for comparable companies to the Target Group and noted similar results. In addition, we have reviewed the scope of business, and proportion of revenue generated from provision of property management services of these comparable companies and concur with the Valuer that these comparable companies are principally engaged in similar line of asset management services business to the Target Group (i.e. property management services business), and fulfil the selection criteria as described above. We have also reviewed the financial statements and market capitalisations of these comparable companies available to the public and calculated their respective price-to-earnings ratio ("**P/E ratio**"), and noted that they are consistent with those presented by the Valuer. On such basis, we consider that the selection criteria are fair and reasonable for the purpose of comparison and the comparable companies are able to serve as good pricing indicators in determining the Valuation. In view of these comparable companies listed on the Stock Exchange (i) are principally engaged in similar line of asset management services business to the Target Group (i.e. property management services business) and with similar financial ratios as the Target Group; and (ii) represent an exhaustive list of companies fulfilling the aforesaid selection criteria as of the date of the Valuation which we consider are fair and reasonable as discussed above, we concur with the view of the Valuer that these comparable companies are fair and representable.

Upon our inquiry to the Valuer, we were informed that various multiples have been considered to deliver a fair valuation result. We understand that for companies engaged in the asset management services business similar to that of the Target Group, the major drivers of their value are derived almost from earnings capability which the most preferable valuation multiple is P/E ratio, while valuation multiples with reference to net book value of these companies may not provide a good indication to the values and the earnings ability of these asset-light companies, price-to-book ratio ("**P/B ratio**") and enterprise value-to-book ratio are thus not considered in the Valuation. The Valuer has further applied a lack of marketability discount of 15% and a control premium of 5% to the valuation results. Based on our enquiry, we further understand from the Valuer that in determining the level of marketability discount, they have made reference to the 2017 edition of the Stout Restricted

Stock Study Companion Guide published by Stout Risius Ross, LLC, which as confirmed by the Valuer, is a commonly adopted approach in determining the lack of marketability discount. As to the control premium, the premium of 5% was derived from Mergerstat Review 2018 published by FactSet Mergerstat, LLC, which as confirmed by the Valuer, is a commonly adopted approach in determining the control premium.

In the course of our assessments, we are not aware of any major factors which would cause us to doubt the fairness and reasonableness of the principal basis and assumptions of the Valuation. Based on the aforementioned due diligence work, we are of the opinion that the rationale behind the Valuation are acceptable and the Valuation was fairly and reasonably determined by the Valuer.

6.6 Comparable analysis

In addition to above, given that the Target Group is principally engaged in the provision of property (i.e. car parking assets) management services in the PRC, we have independently searched for comparable companies listed on the Stock Exchange that are principally engaged in similar line of asset management business to the Target Group (i.e. property management services business) and generated a majority (i.e. over 50%) of their revenue from property management services business in their respective latest financial year, and with market capitalisation below HK$20 billion as at the Latest Practicable Date (the "**Comparable Companies**"), and compared their pricing multiples with the Consideration in order to evaluate the fairness and reasonableness of the consideration. On such basis, we consider that the Comparable Companies are fair and representable for the purpose of comparison. In our assessment, we have considered pricing multiples including (i) P/E ratio and (ii) P/B ratio, which are commonly used as benchmarks to assess the financial valuation of a company in acquisition. To be specific, P/E ratio is commonly used to value a company based on its current share price relative to its per-share earnings. P/B ratio is used to compare a company's stock market value to its book value.

To the best of our knowledge and as far as we are aware of, we have identified eight Comparable Companies, which we consider to be exhaustive and complete, and set out in the table below the pricing multiples of each of the Comparable Companies based on their market capitalisation as at the Latest Practicable Date and their latest published financial information.

Stock Code	**Company name**	**Principal activities**	**P/E ratio (times)** *(Notes 1 and 2)*	**P/B ratio (times)** *(Notes 1 and 3)*
1417	Riverine China Holdings Ltd.	The company and its subsidiaries provide a wide range of property management services and valued-added services to a variety of properties in the PRC.	24.5	3.6
1538	Zhong Ao Home Group Ltd.	The company is principally engaged in provision of property management services and property management consulting services in the PRC.	5.1	0.8

Stock Code	Company name	Principal activities	P/E ratio (times) *(Notes 1 and 2)*	P/B ratio (times) *(Notes 1 and 3)*
1755	Xinchengyue Holdings Ltd.	The company and its subsidiaries are principally engaged in the provision of property management services and value-added services in the PRC.	29.6	11.1
1778	Colour Life Services Group Co., Ltd.	The company principally engaged in provision of property management services; community leasing, sales and other value-added services; and engineering services in the PRC.	15.0	1.6
2669	China Overseas Property Holdings Ltd.	The company is property management company in the PRC which strives to preserve and add value to the properties.	24.0	7.0
2869	Greentown Service Group Co. Ltd.	The company, which operates in the real estate service industry, provides property management, consulting, and community value-added services.	39.0	7.3
3319	A-Living Services Co., Ltd.	The company is a property management service provider in the PRC focusing on mid- to high-end properties.	39.4	2.3
3686	Clifford Modern Living Holdings Ltd.	The company is a service provider principally engaged in property management in the PRC, retail, restaurants, and other related community services.	8.8	1.7
		Maximum	**39.4**	**11.1**
		Minimum	**5.1**	**0.8**
		Median	**24.3**	**2.9**
		Average	**23.2**	**4.4**
	The Target Company (as implied by the Consideration and the Normalised August 2018 Profit) *(Note 4)*		**17.0**	**69.8**

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The translation of RMB into HK$ is based on the exchange rate of RMB1.00 to HK$1.15.

2. The P/E ratios of the Comparable Companies are calculated based on their respective market capitalisations as at the Latest Practicable Date and net profit attributable to their respective shareholders from their latest published financial results or reports.

3. The P/B ratios of the Comparable Companies are calculated based on their respective market capitalisations as at the Latest Practicable Date and net asset value from their latest published financial results or reports.

4. The implied P/E ratio (the "**Implied P/E ratio**") and P/B ratio (the "**Implied P/B ratio**") of the Target Company are derived using the Consideration of RMB49,380,000 divided by the Normalised August 2018 Profit for the 12-month ended 31 August 2018 and net asset value of the Target Company as at 30 September 2018 respectively.

As shown by the table above, the P/E ratios of the above Comparable Companies ranged from approximately 5.1 to 39.4 times, with an average of approximately 23.2 times and a median of approximately 24.3 times. It is noted that the Implied P/E ratio of the Target Company of approximately 17.0 times falls within the range of the P/E ratios and below the average P/E ratio of the Comparable Companies, indicating that it is priced within an acceptable range of the Comparable Companies with similar business in the open market.

Also, as shown by the table above, the P/B ratios of the Comparable Companies ranged from approximately 0.8 times to 11.1 times, with an average of approximately 4.4 times and a median of approximately 2.9 times. It is noted that the Implied P/B ratio of the Target Company of approximately 69.8 times is significantly higher than the P/B ratios of the Comparable Companies. However, taken into account that (i) a dividend of approximately RMB9.4 million was distributed in cash to the shareholder(s) of the Target Company prior to the Acquisition; and (ii) as mentioned in section 6.5 above, the major drivers of the values of the companies engaged in the asset management services business are derived almost from earnings capability, and the Target Company, being an asset management services provider in the PRC, competes based on the caliber and abilities of its professional personnel instead of the size of its assets, and therefore we are of the view that the P/B ratio may not provide a good indication to the value of the Target Company, and the Implied P/B ratio may not be a relevant parameter to evaluate the value of the Target Company.

Having considered the above, in particular, (i) the Valuation and (ii) the Implied P/E ratio of the Target Company falls within the range of the P/E ratios and below the average P/E ratio of the Comparable Companies, we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

6.7 The Issue Price for Consideration Share

The issue price of HK$0.25 per Consideration Share represents:

(i) a premium of approximately 19.617% over the closing price of HK$0.209 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 42.046% over the closing price of HK$0.176 per Share as quoted on the Stock Exchange on 1 November 2018, being the date of the Agreement;

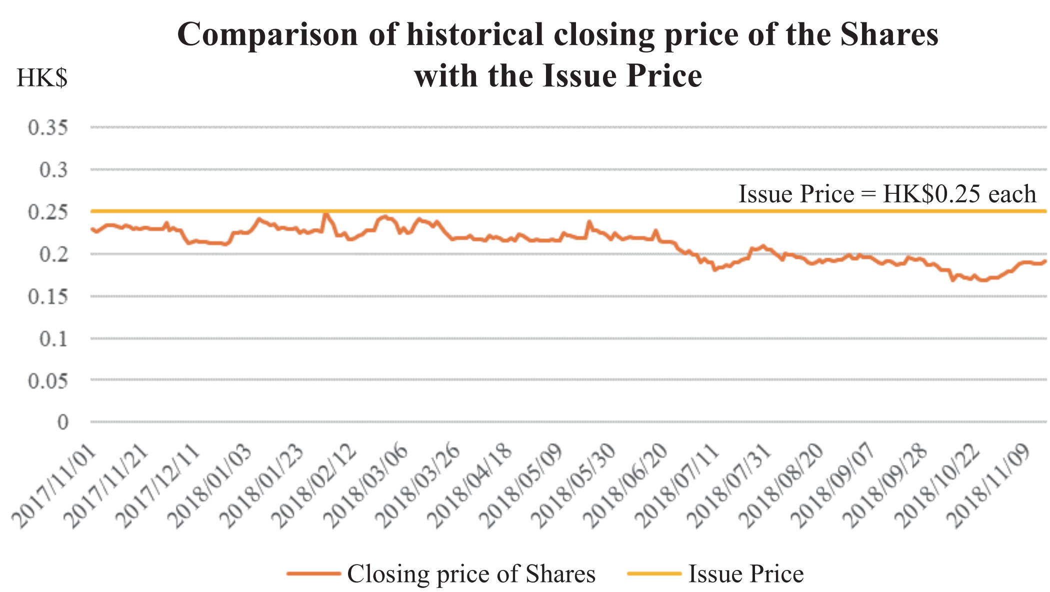
(iii) a premium of approximately 45.858% over the average closing price of approximately HK$0.1714 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and 31 October 2018, being the last trading date before the date of the Agreement;

(iv) a premium of approximately 38.735% over the average closing price of approximately HK$0.1802 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately up to 31 October 2018, being the last trading date before the date of the Agreement; and

(v) a discount of approximately 18.942% to the unaudited consolidated net asset value attributable to owners of the Company of approximately HK$0.3084 per Share (based on the number of issued Shares as at the Latest Practicable Date) as at 30 June 2018, the date to which the latest published consolidated financial results of the Group were made up.

6.8 Historical performance of Share price

In assessing the fairness and reasonableness of the Issue Price, we have assessed the daily closing price of the Shares during the period commencing from 1 November 2017 (being approximately one year before the date of the Agreement) up to and including the Latest Practicable Date (the "**Review Period**"), to illustrates the recent trading performance of the Shares. The comparison of the historical closing price of the Shares during the Review Period and the Issue Price are illustrated as follows:



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the closing price of the Shares maintained a decreasing trend in general with the lowest closing price per Share at HK$0.168 on 24 and 25 October 2018 and the highest closing price per Share at HK$0.25 on 1 February 2018, with an average daily closing price per Share of approximately HK$0.2109.

It is noted that the Issue Price represents (i) a premium of approximately 48.810% over the lowest daily closing price during the Review Period; (ii) the highest daily closing price during the Review Period; and (iii) a premium of approximately 18.540% over the average daily closing price during the Review Period. We also note that the Issue Price is higher than most of the closing prices during the Review Period (260 trading days out of 261 trading days).

6.9 Comparison with comparable companies for the issue of Consideration Shares

To assess the fairness and reasonableness of the Issue Price, we have identified, to the best of our knowledge and as far as we are aware of, 12 notifiable transactions (the "**Share Comparables**") conducted by companies listed on the Stock Exchange involving the issue of shares under the specific mandate to satisfy part or all of the consideration of the acquisition during the period from 1 August 2018 to 31 October 2018, being the approximate three months period before the date of the Agreement and they are exhaustive. Shareholders should note that the business, operations and prospect of the Company are not the same as the Share Comparables and we have not conducted any in-depth investigation into the businesses and operations of the Share Comparables. However, for the purpose of providing the Independent Shareholders with a general reference for common market practice of companies listed on the Stock Exchange in transactions which involved the issue of share as consideration for acquisitions, we consider the Share Comparables to be fair and representative. The table below summarises our relevant findings:

Date of announcement	Stock Code	Company name	Premium/(Discount) of the issue price over/(to) the closing price per share on the last trading day prior to the date of the announcement/agreement in relation to the respective issue of shares (%)	Premium/(Discount) of the issue price over/(to) the average closing price per share for the last five consecutive trading days up to and including the last trading day prior to the date of the announcement/agreement in relation to the respective issue of shares (%)	Premium/(Discount) of the issue price over/(to) the average closing price per share for the 30 consecutive trading days up to and including the last trading day prior to the date of the announcement/agreement in relation to the respective issue of shares (%)
7 Aug 2018	1310	HKBN Ltd.	(5.383)	(5.476)	(3.371)
10 Aug 2018	3313	ArtGo Holdings Limited	8.434	11.386	9.268
13 Aug 2018	772	China Literature Limited	19.403	19.492	13.682
28 Aug 2018	698	Tongda Group Holdings Limited	30.081	27.389	8.794
28 Aug 2018	2309	Birmingham Sports Holdings Limited	(6.238)	(7.157)	(15.622)
10 Sept 2018	381	Kiu Hung International Holdings Limited	233.333	226.797	245.224
16 Sept 2018	943	eForce Holdings Limited	(6.098)	(4.229)	(16.622)
19 Sept 2018	2768	Jiayuan International Group Limited	(5.310)	(4.653)	(6.220)
21 Sept 2018	910	China Sandi Holdings Limited	(9.451)	(9.847)	(8.647)
19 Oct 2018	445	CIMC-TianDa Holdings Company Limited	20.500	21.907	10.968
25 Oct 2018	851	Sheng Yuan Holdings Limited	45.631	45.490	42.586
26 Oct 2018	8119	Thiz Technology Group Limited Ltd	159.740	155.102	128.920
		Maximum	**233.333**	**226.797**	**245.224**
		Minimum	**(9.451)**	**(9.847)**	**(16.622)**
		Average	**40.387**	**39.684**	**34.080**
		The Acquisition	**42.046**	**45.858**	**38.735**

Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown by the above table, the issue prices of the consideration shares of the Share Comparables ranged from a discount of approximately 9.451% to a premium of approximately 233.333% to/over the respective closing price per share on the last trading days prior to/on the date of the announcement/agreement in relation to the respective issue of consideration share. Excluding Kiu Hung International Holdings Limited and Thiz Technology Group Limited Ltd as outliners, the issue prices of the consideration shares of the Share Comparables ranged from a discount of approximately 9.451% to a premium of approximately 45.631% to/over the respective closing price per share on the last trading days prior to/on the date of the announcement/agreement in relation to the respective issue of consideration share, with an average of a premium of approximately 9.157%. Upon comparison, we note that the premium of the Issue Price to the closing price of HK$0.176 per Share on the date of the Agreement of approximately 42.046% falls within the aforementioned market range of the Share Comparables.

We have also considered the average closing price per share for the last five consecutive trading days prior to/on the date of the announcement/agreement in relation to the respective issue of consideration shares of the Share Comparables, which ranged from a discount of approximately 9.847% to a premium of approximately 226.797%. Excluding Kiu Hung International Holdings Limited and Thiz Technology Group Limited Ltd as outliners, the average closing price per share for the last five consecutive trading days prior to/on the date of the announcement/agreement in relation to the respective issue of the consideration shares of the Share Comparables ranged from a discount of approximately 9.847% to a premium of approximately 45.490%, with an average of a premium of approximately 9.430%. Upon comparison, we note that the premium of the Issue Price to the average closing price for the last five consecutive trading days up to and 31 October 2018, being the last trading date before the date of the Agreement of approximately 45.858% is higher than the highest premium of approximately 45.490% as well as the average of a premium of approximately 9.430% among the Share Comparables.

As shown by the above table, the average closing price per share for the last 30 consecutive trading days prior to/on the date of the announcement/agreement in relation to the respective issue of consideration shares of the Share Comparables, which ranged from a discount of approximately 16.622% to a premium of approximately 245.224%. Excluding Kiu Hung International Holdings Limited and Thiz Technology Group Limited Ltd as outliners, the average closing price per share for the last 30 consecutive trading days prior to/on the date of the announcement/agreement in relation to the respective issue of the consideration shares of the Share Comparables ranged from a discount of approximately 16.622% to a premium of approximately 42.586%, with an average of a premium of approximately 3.482%. Upon comparison, we note that the premium of the Issue Price to the average closing price for the last 30 consecutive trading days immediately up to 31 October 2018, being the last trading date before the date of the Agreement of approximately 38.735% falls within the aforementioned market range of the Share Comparables.

Taking into account that (a) the Issue Price represents premiums over the closing price per Share on the Latest Practicable Date, the closing price per Share on the date of the Agreement, the average closing price for the last five consecutive trading days up to and including the last trading date before the date of the Agreement, the average closing price for the last 30 consecutive trading days up to and including the last trading date before the date of the Agreement, and the lowest and average daily closing price per Share during the Review Period; (b) the closing price per Share were below the Issue Price in 260 out of 261 trading days during the Review Period; and (c) the Issue Price falls within the ranges of the Share Comparables, we concur with the Directors that the Issue Price is fair and reasonable so far as the Shareholders are concerned.

Taking into consideration that (i) the Issue Price of the Consideration Shares is at a premium against the closing prices of the Shares as discussed in sections 6.7 and 6.8 above and such premium of the Issue Price is higher than the averages among the Share Comparables as discussed in section 6.9 above and is considered to be fair and reasonable; (ii) the issuance of the Consideration Shares would settle RMB39.4 million out of the consideration for the Acquisition without immediate significant cash outlay of the Group thereby reserving financial resources of the Group, which enables the Group to further develop its car parking business and invest in a greater number of investment opportunities that may come up in the PRC car parking market given the optimistic prospect of car parking industry in the PRC as discussed in section 4 above; (iii) the degree of the dilution effect on the shareholding interests of the existing public Shareholders resulting from the issuance of the Consideration Shares is not significant as discussed in section 7 below; and (iv) the Directors believe that the Acquisition would enhance the Group's income stream and the profitability upon Completion as discussed in section 8 below, we are of the view that the issuance of the Consideration Shares and the basis in determining the amount of Consideration Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. Dilution effects of the issue of the Consideration Shares

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Acquisition (including issuance of the Consideration Shares) (assuming no other changes to the issued share capital of the Company since the Latest Practicable Date):

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately upon the allotment and issue of the Consideration Shares**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
首鋼集團有限公司 (Shougang Group Co., Ltd.*, "**Shougang Group**") *(Note 1)*	12,633,903,865	52.934%	12,633,903,865	52.543%
Rocket Parade Limited ("**Rocket Parade**") and the Vendor or its designated person *(Note 2)*	2,500,000,000	10.475%	2,677,425,528	11.135%
ORIX Asia Capital Limited ("**ORIX Asia**") *(Note 3)*	1,503,741,731	6.300%	1,503,741,731	6.254%
Liang Hengyi *(Notes 4 and 5)*	3,880,000	0.016%	3,880,000	0.016%
Liu Jingwei *(Note 4)*	1,680,000	0.007%	1,680,000	0.007%
Wang Xin *(Note 4)* together with his spouse	1,200,000	0.005%	1,200,000	0.005%
Public Shareholders	7,223,059,645	30.263%	7,223,059,645	30.040%
Total	**23,867,465,241**	**100.00%**	**24,044,890,769**	**100.00%**

Notes:

1. Shougang Group is interested in all the Shares held by its direct and indirect subsidiaries, namely, Shougang Holding (Hong Kong) Limited ("**Shougang Holding**", holding 360,601,160 Shares), China Gate Investments 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 Limited ("**Jingxi Holdings**", holding 4,591,579,245 Shares).

2. Rocket Parade and the Vendor are indirectly wholly-owned by NWS Holdings which is held as to 61.01% by New World Development.

3. ORIX Corporation is interested in all the Shares held by its wholly-owned subsidiary, ORIX Asia.

4. Directors.

5. Liu Jingwei is interested in all the Shares held by himself directly (being 1,380,000 Shares) and a corporation controlled by him (being 300,000 Shares).

As at the Latest Practicable Date, the issued share capital of the Company comprised 23,867,465,241 Shares, whereas 7,223,059,645 Shares were held by the public Shareholders. Upon the Completion and the issuance of the Consideration Shares, which shall take place simultaneously, the shareholding of the public Shareholders will be diluted from approximately 30.263% to approximately 30.040%, which is considered to be not significant.

Although there will be a dilution of shareholding interests of the existing public Shareholders, the existing public Shareholders should note that the Company will be benefited from the Acquisition after taken into account the reasons as stipulated in section 5 above. Accordingly, we consider that such dilution effect on the shareholding interests of the existing public Shareholders resulting from the issuance of the Consideration Shares is acceptable so far as the Independent Shareholders concerned.

8. Financial effects of the Acquisition

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and as such, the assets, liabilities and financial results of the Target Company and its subsidiaries will be consolidated into the consolidated financial statements of the Company.

8.1 Assets and liabilities

As disclosed in the Letter from the Board, as at 30 September 2018, the audited consolidated total asset and net asset value of the Target Company was approximately RMB20.5 million and RMB0.7 million respectively. Pursuant to the terms of the Agreement, the Consideration is to be satisfied by the Company as to RMB9,980,000 in cash and as to RMB39,400,000 by issue of the Consideration Shares. As advised by the management of the Group, upon Completion, both the consolidated total assets and total liabilities of the Group are expected to increase, whereas the consolidated net asset value of the Group is also expected to increase in this regard.

8.2 Earnings

As disclosed in the Letter from the Board, the Target Company recorded net profit after tax for the year ended 31 December 2017 of approximately RMB1.4 million. As discussed in section 3 above, the Normalised August 2018 Profit for the trailing 12 months ended 31 August 2018 was approximately RMB2.9 million. The Directors believe that the Acquisition would enhance the Group's income stream and the profitability upon Completion.

In view of the possible financial effects of the Acquisition to the Group as mentioned above, we are of the opinion that the Acquisition will likely to enhance the Group's income stream as well as the asset base of the Group.

9. Duration of the Carpark Operation Contractor Agreements

9.1 Principal terms of the Carpark Operation Contractor Agreements

As at the Latest Practicable Date, The Target Company is a party to the three separate Carpark Operation Contractor Agreements with each of Beijing Chongwen, Beijing Chongyu and China New World Electronics, each of which is a subsidiary of New World Development. The principal terms of the three Carpark Operation Contractor Agreements are as follows:

Date of the agreements

1 April 2015

Subject matter

Pursuant to the Carpark Operation Contractor Agreements, the Target Company will provide carpark operation services to Beijing Chongwen, Beijing Chongyu and China New World Electronics for different sections of the Beijing Carparks, and the Target Company will be entitled to income from parking, car detailing, rental fees in the car park, advertising revenue and other service incomes.

Term

An initial term of 36 months commencing on 1 April 2015 and expiring on 31 March 2018, after which the Target Company may opt to (and, with respect to the year commencing 1 April 2018, has opted to) renew the respective Carpark Operation Contractor Agreements for a successive period of one year each, until 10 years from the date of the agreements, subject to any framework agreement applicable to the Target Company and re-compliance with the Listing Rules at the relevant time. The Company expects that the Target Company will continue to renew the respective Carpark Operation Contractor Agreements.

Fees

Pursuant to the respective Carpark Operation Contractor Agreements, the Target Company shall pay fees to Beijing Chongwen, Beijing Chongyu and China New World Electronics as follows:

Beijing Chongwen

For the period between 1 April 2015 to 31 March 2017 – RMB1,166,975 per year. For the period commencing from 1 April 2017, the fees shall be increased by approximate 5% for every subsequent two years period.

Beijing Chongyu

For the period between 1 April 2015 to 31 March 2017 – RMB1,900,000 per year. For the period commencing from 1 April 2017, the fees shall be increased by approximate 5% for every subsequent two years period.

China New World Electronics

For the period between 1 April 2015 to 31 March 2017 – RMB733,025 per year. For the period commencing from 1 April 2017, the fees shall be increased by approximate 5% for every subsequent two years period.

9.2 Reasons for and benefits of the Carpark Operation Contractor Agreements

As disclosed in the Letter from the Board, the Target Company has been operating under the Carpark Operation Contractor Agreements and the Carpark Management Agreement for a certain period of time before the Acquisition and will continue to subsist after Completion. The fees under the Carpark Operation Contractor Agreements and the Carpark Management Agreement reflect market rates in similar locations in the PRC. In particular, in similar PRC car parking facility projects, the aggregate fees to be paid under operation contractor and management arrangements usually range between approximately 30% to 50% of the incomes to be earned from the car parking facility. The fees under the Carpark Operation Contractor Agreements and the Carpark Management Agreement fall within this range. The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions are on normal commercial terms which are fair and reasonable and the entering into of the Carpark Operation Contractor Agreements and the Carpark Management Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Pursuant to the terms of the Carpark Operation Contractor Agreements, they granted the rights to the Target Company to provide carpark operation services for different sections of the Beijing Carparks and the Target Company will be entitled to income from parking, car detailing, rental fees in the car park, advertising revenue and other service incomes. The provision of the carpark operation services under the Carpark Operation Contractor Agreements thus fall within the Group's principal business and provides a stable source of income to the Group. It is also justifiable for the Group to pursue further in its car parking business and operations in the PRC in order to capture the continuous increasing demand of parking facilities in the PRC as discussed above. The longer the duration of the Carpark Operation Contractor Agreements, in our view, the better the terms are for the Company given that they secure a long-term income stream to the Target Company.

9.3 Assessment of the duration of the Carpark Operation Contractor Agreements

In assessing whether it is normal business practice for agreements of a similar nature to the Carpark Operation Contractor Agreements to have a term of such duration, we have obtained and reviewed the existing carpark operation agreements with similar nature entered into between the Group and property owners independent of and not connected with the Company for its existing car parking operation in the PRC (the "**Group Comparable Carpark Agreements**") and summarised in the table below.

Car park location	Nature of services provided	Tenure of management services agreement	Gross Floor Area ("GFA") *(sq.m.)*	Number of car parking space
1. 北京中日友好醫院南側大停車場	Provide operation management services for the car parking facilities	From 1 Aug 2017 to 31 Jul 2027 (10 years)	13,352.4	369
2. 北京新機場停車樓	Provide operation management services for the car parks	Until 20 years from the commencement date of the operation in the end of 2019 (20 years), and with an extension period of five years	257,370	4,200
3. 北京西城區菜市口西街區蓮花胡同機械式停車庫	Provide operation services for the car parking facilities	Until 31 Dec of the 20th anniversary year from the commencement date of the operation (20 years)	698.45	108
4. 北京雙橋聚樂滙地下停車庫	Provide operation management services for the car park	From 22 Jul 2017 to 21 Jul 2022 (five years)	Approximately 15,000	480
5. 上海虹橋機場P1停車庫	Provide operation management services for the car park	From 1 May 2017 to 30 Apr 2022 (five years)	60,818	1,224
	Maximum	**20 years, with an extension period of five years**		
	Minimum	**Five years**		
	Average	**13 years**		

Given that the Group Comparable Carpark Agreements involve the provision of the operation management services for the car parks or parking facilities in the first-tier cities in the PRC (i.e. Beijing and Shanghai) which is similar to that of the Carpark Operation Contractor Agreements, we consider that the Group Comparable Carpark Agreements are fair and representable for the purpose of comparison.

As shown in the table above, we noted that the term of the Carpark Operation Contractor Agreements of 10 years falls within the range of the duration of the Group Comparable Carpark Agreements of around five to 20 years, demonstrating that such long duration is not uncommon in the market.

Taking into account of the above, we are of the view that it is fair and reasonable for the Carpark Operation Contractor Agreements to have a long duration and it is normal business practice for agreements of the type of the Carpark Operation Contractor Agreements to be of such duration.

RECOMMENDATION

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the GM to approve the 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 13 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. SHARE CAPITAL

The number of issued Shares (i) as at the Latest Practicable Date; and (ii) upon the allotment and issue of Consideration Shares pursuant to the Specific Mandate are as follows:

(i) *As at the Latest Practicable Date:*

Issued and fully paid up:	23,867,465,241 Shares

(ii) *Upon the allotment and issue of Consideration Shares pursuant to the Specific Mandate*:

Issued and fully paid up:	24,044,890,769 Shares

All existing issued Shares rank *pari passu* in all respects, including in particular as to dividend, voting rights and capital.

No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived. As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, no shares, warrants, conversion rights or any equity or debt securities of the Company was outstanding or was proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital.

Save for the issuance of 1,047,931,056 Shares as consideration Shares to CIMC Transportation Equipment (International) Holdings Limited on 26 March 2018 for acquisition of 44.94382% of the registered capital of the Purchaser, and the issuance of 4,903,741,731 Shares as subscription Shares to Jingxi Holdings, Rocket Parade and ORIX Asia on 19 September 2018, since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, no shares have been allotted and issued by the Company.

3. 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 the 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	3,880,000	0.016%
Liu Jingwei	Beneficial owner	1,380,000	0.006%
	Interest of controlled corporation	300,000	0.001%
Wang Xin	Beneficial owner	200,000	0.001%
	Interest of spouse	1,000,000	0.004%

(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 as at the Latest Practicable Date** *(approximately)*	***Notes***
Shougang Group	Interests of controlled corporations	12,633,903,865	52.934%	*1*
Cheng Yu Tung Family (Holdings II) Limited	Interests of controlled corporations	2,677,425,528	11.218%	*2*
Cheng Yu Tung Family (Holdings) Limited	Interests of controlled corporations	2,677,425,528	11.218%	*2*
Rocket Parade Limited	Beneficial owner	2,500,000,000	10.475%	*2*
ORIX Corporation	Interests of controlled corporations	1,503,741,731	6.300%	*3*
ORIX Asia	Beneficial owner	1,503,741,731	6.300%	*3*

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 Investments Limited (holding 2,757,829774 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).

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 61.01% by New World Development Company Limited, which is in turn held as to 44.46% 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 number of Shares that Cheng Yu Tung Family (Holdings II) Limited and Cheng Yu Tung Family (Holdings) Limited are interested in includes the Consideration Shares to be issued to the Vendor, which is a wholly-owned subsidiary of NWS FM Limited, or its designated person.

   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, NWS Holdings, all being substantial shareholders of the Company.

3. ORIX Corporation is interested in all the Shares held by its wholly-owned subsidiary, ORIX Asia.

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.

4. 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).

5. 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
	北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd.*, "**Shougang Fund**")#	Fund management	General Manager
Xu Liang	Shougang Holding#	Trading of iron ore and steel products	Director
Ho Gilbert Chi Hang	Vendor#	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.

6. 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.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. QUALIFICATION AND CONSENT OF EXPERTS

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

Name	Qualification	Date of letter or report
Lego Corporate Finance Limited	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO	28 November 2018
Valtech Valuation Advisory Limited	Independent valuer	29 October 2018

As at the Latest Practicable Date, each of the experts does 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 is not beneficially interested in the share capital of any member of the Group and does not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter (as the case may be) and reference to its name in the form and context in which they respectively appear.

9. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into the ordinary course of business, were entered into by the Company or any of its subsidiaries which are or may be material:

(a) the underwriting agreement dated 8 September 2017 entered into between the Company and Shougang Holding (as underwriter), in relation to the underwriting arrangement in respect of the 8,957,896,227 Shares to be allotted and issued by the Company under open offer (please refer to the announcement of the Company dated 8 September 2017 and the circular of the Company dated 25 September 2017) as supplemented by a supplemental agreement dated 1 November 2017;

(b) the agreement dated 8 September 2017 entered into between the Company and Shougang Fund in respect of the provisions of private fund management services by the Group to Shougang Fund and/or its associate (please refer to the announcement of the Company dated 8 September 2017 and the circular of the Company dated 25 September 2017);

(c) the agreement dated 8 September 2017 between Shouzhong (Hong Kong) Limited, a wholly-owned subsidiary of the Company and Shougang Fund in respect of the acquisition of 40% equity interest in the Purchaser (please refer to the announcement of the Company dated 8 September 2017 and the circular of the Company dated 25 September 2017) as supplemented by a supplemental agreement dated 23 November 2017;

(d) the agreement dated 8 September 2017 between Jingji (Hong Kong) Limited, a wholly-owned subsidiary of the Company and Shougang Fund in respect of the acquisition of 95% equity interest in 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.*, "**Jingji Capital**") (please refer to the announcement of the Company dated 8 September 2017 and the circular of the Company dated 25 September 2017) as supplemented by a supplemental agreement dated 23 November 2017;

(e) the lease agreement dated 2 February 2018 between 成都首中易泊停車場管理有限公司 (Chengdu Shouzhong Easy Parking Management Ltd*), an indirect non wholly-owned subsidiary of the Company, and South China International Leasing Company Limited in respect of the provision of finance lease by way of sale and leaseback the underground carpark (please refer to the announcement of the Company dated 2 February 2018);

(f) the agreement dated 12 March 2018 between Shouzhong (Hong Kong) Limited, a wholly-owned subsidiary of the Company, and CIMC Transportation Equipment (International) Holdings Limited in respect of the acquisition of 44.94382% of the registered capital of the Purchaser (please refer to the announcement of the Company dated 12 March 2018);

(g) the subscription agreement dated 24 July 2018 entered into between the Company and ORIX Asia in respect of the subscription of 1,503,741,731 Shares by ORIX Asia (please refer to the two announcements of the Company both dated 24 July 2018 and the circular of the Company dated 27 August 2018);

(h) the subscription agreement dated 24 July 2018 entered into between the Company and Rocket Parade, an indirect wholly-owned subsidiary of NWS Holdings, which is a substantial shareholder of the Company, in respect of the subscription of 600,000,000 Shares by Rocket Parade (please refer to the two announcements of the Company both dated 24 July 2018 and the circular of the Company dated 27 August 2018);

(i) the subscription agreement dated 24 July 2018 entered into between the Company and Jingxi Holdings in respect of the subscription of 2,800,000,000 Shares by Jingxi Holdings (please refer to the two announcements of the Company both dated 24 July 2018 and the circular of the Company dated 27 August 2018);

(j) the fund subscription agreement dated 24 July 2018 entered into between the Company and 北京首獅管理諮詢有限公司 (Beijing Shoushi Management Advisory Co., Ltd.*), a non-wholly owned subsidiary of the Company, in respect of the Company participating in the 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)*) as a limited partner (directly or through its designated subsidiary) for a capital commitment of RMB135 million (please refer to the two announcements of the Company both dated 24 July 2018 and the circular of the Company dated 27 August 2018);

(k) the framework agreement dated 12 August 2018 entered into between the Company, Shougang Fund and Jingji Capital, a wholly-owned subsidiary of the Company, in respect to the formation of funds (please refer to the announcement of the Company dated 12 August 2018 and the circular of the Company dated 29 August 2018);

(l) the Agreement; and

(m) the agreement dated 21 November 2018 entered into between the Company and Shougang Holding in respect of the proposed restructuring (please refer to the announcement of the Company dated 21 November 2018).

10. 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 is a director of Shougang Holding; and (ii) Mr. Ho Gilbert Chi Hang is 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 3(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 registered office of the Company is at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

(e) The share registrar of the Company is Tricor Tengis Limited located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) The secretary of the Company is Ms. Leung Yuen Chee Sara. She is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

(g) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours from the date of this circular up to and including the date of the GM:

(a) the articles of association of the Company;

(b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 21 of this circular;

(c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 22 to 53 of this circular;

(d) the valuation report on the Target Company by Valtech Valuation Advisory Limited, the text of which is set out in Appendix II of this circular;

(e) the annual reports of the Company for two financial years ended 31 December 2016 and 2017;

(f) the interim report of the Company for the six months ended 30 June 2018;

(g) the service contracts of the Directors;

(h) the consent letters as referred to in the section headed "Qualification and Consent of Expert" in this Appendix;

(i) any material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(j) the circular dated 27 August 2018 with respect to the connected transactions involving subscription of new shares under a specific mandate and the entering into of a fund subscription agreement and proposed partnership agreement;

(k) the circular dated 29 August 2018 with respect to the discloseable and connected transaction relating to the entering into a framework agreement in relation to the formation of funds; and

(l) this circular.

The following is the text of the valuation report from Valtech Valuation Advisory Limited, in connection with the valuation of the Target Group as of 31 August 2018, for the purpose of inclusion in this circular.

Valtech
Valuation Advisory

29 October 2018

Board of Directors
Shougang Concord International Enterprises Company Limited
7/F Bank of East Asia,
Harbour View Centre, 56 Gloucester Road,
Wanchai, Hong Kong

Dear Sir/Madam,

VALUATION OF 100% EQUITY INTEREST IN URBAN PARKING (BEIJING) LIMITED AND ITS SUBSIDIARIES

In accordance with the instructions from Shougang Concord International Enterprises Company Limited (the "**Company**"), we have been engaged by the Company to assist to determine the Market Value of the following subject of valuation ("**Subject of Valuation**") as at 31 August 2018 (the "**Valuation Date**").

- 100% Equity Interest in Urban Parking (Beijing) Limited[1] and its Subsidiaries (the "**Subject of Valuation**").

Our analyses are substantially based on the information provided to us by the existing management of the Company (the "**Management**"). It is our understanding that our analyses, and the subsequent appraised estimation of Market Value (as defined in the section of Standard and Basis of Value), will be used by the Management solely for their purpose of internal reference. Our analyses are conducted for the above stated purpose. As such, this report should not be used by the Company for any other purpose other than those that are expressly stated herein without our expressed prior written consent.

Our work is subject to section LIMITING CONDITIONS as described till the end of this report. The basis of value follows the definition of Market Value as stipulated in the International Valuation Standards 2017, premised on the Subject of Valuation being a "Going Concern" basis.

The approaches and methodologies used in our work do not comprise an examination to ascertain whether the Subject of Valuation's presented financial information are constructed in accordance with generally accepted accounting principles. The objective of the aforesaid examination is of course to determine whether existing current financial statements or other financial information, historical or prospective, which are provided to us by the Management, are being expressed as a fair presentation of the Subject of Valuation's financial condition. As such, we express no opinion and accept no responsibility on the accuracy and/or completeness of the historical and projected financial information of the Subject of Valuation, and of the marketing materials or other data provided to us by the Management.

Our conclusions on Market Value do not constitute nor shall they be construed to be an investment advice or an offer to invest. Prior to making any decisions on any investments, a prospective investor should independently consult with their own investment, accounting, legal and tax advisers to critically evaluate the risks, consequences, and suitability of such investment.

SCOPE AND PURPOSE OF ENGAGEMENT

We are engaged by the Management to assist to determine the Market Value of the Subject of Valuation as at the Valuation Date. It is our understanding that our analysis will be used by the management of the Company's reference in the potential acquisition of the Subject of Valuation only. It is understood that subject valuation will be included in a circular of the Company.

STANDARD AND BASIS OF VALUE

This valuation is prepared on the basis of Market Value. In accordance with the International Valuation Standards (2017 Edition) published by International Valuation Standards Council, Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties has each acted knowledgeably, prudently and without compulsion.

PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject, i.e., a business, in a manner which would generate the greatest return to the owner, taking account what is physically tangible, financially feasible, and legally permissible. Premise of value includes the following scenarios:

- **Highest and Best Use:** is the use that would produce the highest and best use for an asset, and it must be financially feasible, legally allowed and result in the highest value;

- **Current Use/Existing Use:** is the current way an asset, liability, or group of assets and/or liabilities is used, maybe yet not necessarily the highest and best use;

- **Orderly Liquidation:** describes the value of a group of assets that could be realized in a liquidation sale, given a reasonable period of time to find a purchaser/(s), with the seller being compelled to sell on an as-is, where-is basis; and

- **Forced Sale:** is in circumstances where a seller is under compulsion to sell and that, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence.

After having reviewed all background and financial information and taken into consideration all relevant facts, valuation of the Subject of Valuation should be prepared on a "Going Concern" basis.

LEVEL OF VALUE

Current valuation theories suggest that there are at least three basics ‘‘levels’’ of value applicable to a business or business interest. The three most common levels of value are as follows:

- **Controlling Interest:** Value of the controlling interest, always evaluate an enterprise as a whole;
- **As if Freely Tradable Minority Interest:** Value of a minority interest, lacking control, but enjoys the benefit of market liquidity; and
- **Non-marketable Minority Interest:** Value of a minority interest, lacking both control and market liquidity.

After having reviewed all background and financial information and take into consideration all relevant and objective facts, we reasonably believe Subject of Valuation should be valued and reported in this valuation as a Controlling Interest.

SOURCES OF INFORMATION

Our analysis and conclusion of opinion on value are based on continued discussions with the Management, and have obtained pertinent key documents and records provided by the Management, and conducted certain procedures including but not limited to:

- Introduction of the Subject of Valuation;
- Group Chart of the Subject of Valuation;
- Consolidated management accounts of the Subject of Valuation for the year ended 31 December 2015, 2016, 2017 and for the eight months ended 31 August 2018;
- Car park management contract summary;
- Car park information summary;
- Detailed breakdown of costs showing non-recurring costs and costs that are expected to reduce upon completion of the transaction;
- A contract summary showing the history of the asset management contracts since 2016;
- Financial Forecast from 2018 to 2028.

We have also relied upon publicly available information from sources in capital markets, including industry reports, news and various databases of publicly traded companies.

ECONOMIC OVERVIEW

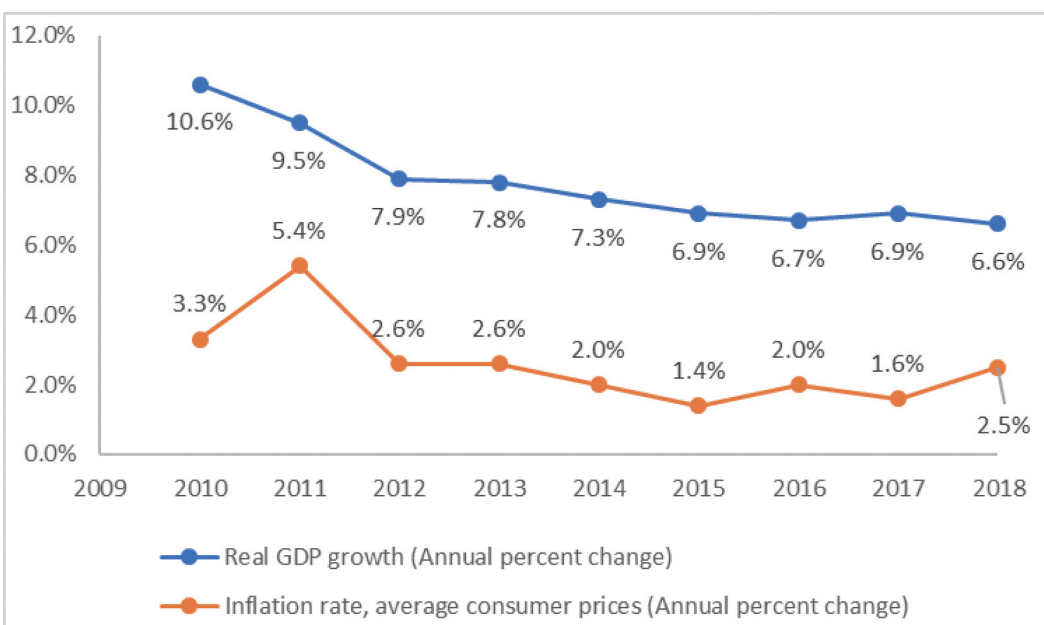
To substantiate the economic background of the country where the Subject of Valuation is located at, we have reviewed the economic condition of China where the Subject of Valuation will derive its future income from.

GDP Growth in China

According to the current 13th Five-Year Plan (2016–2020), China aims on a sustainable and balanced development and expects to achieve a moderately prosperous society. Therefore, the economy growth is expected to shift into lower gear. In 2017, the real gross domestic products ("**GDP**") annual growth rate and the inflation rate tended to become stable at 6.9% and 1.6% respectively. The GDP annual growth rate decreases to 6.6% and is estimated to slightly decrease to 5.5% in the next five years, while the inflation rate rises to 2.5% and is estimated to slightly increase to 3.0% in the next five years.

The infrastructure and property investment were the key drivers of the stabilization in 2016. However, in 2017, rebounding manufacturing investment, considerably improved external demand and reviving domestic consumption point to a more broad-based recovery. According to ADB[2], internal demand now has a stronger positive impact on growth than exports, which looks like a more sustained development as China's growing middle class continues to provide a strong tailwind to domestic consumption.

Real GDP Annual Growth Rate and Inflation of China



Source: World Economic Outlook Database (April 2018), International Monetary Fund

2 ADB (2017), Asian Development Outlook 2017: Transcending the Middle-Income Challenge (Manila: Asian Development Bank)

Real GDP Annual Growth Rate and Inflation estimation of China

	2019E	2020E	2021E	2022E	2023E
Real GDP Annual Growth Rate (%)	6.4%	6.3%	6.0%	5.7%	5.5%
Inflation (%)	2.6%	2.7%	2.8%	2.8%	3.0%

Source: World Economic Outlook Database (April 2018), International Monetary Fund

China's GDP is USD12,015 billion, ranking the second place worldwide and is estimated to be closer to the United States' GDP in the next five years.

Worldwide GDP

		GDP – Billions of the United States Dollar ("USD")						
	Country	**2017A**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**
1	United States	19,391	20,413	21,410	22,236	23,045	23,787	24,537
2	China	12,015	14,093	15,544	16,952	18,402	19,925	21,574
3	Japan	4,872	5,167	5,362	5,499	5,641	5,797	5,962
4	Germany	3,685	4,212	4,417	4,629	4,837	5,055	5,272
5	United Kingdom	2,625	2,936	3,023	3,121	3,228	3,350	3,477
6	France	2,584	2,925	3,060	3,196	3,324	3,458	3,586

Source: World Economic Outlook Database (April 2018), International Monetary Fund

In conclusion, the economy remains vibrant with solid growth momentum. The desired rebalancing from stimulus and exports towards a more service-oriented, consumer demand and innovation-driven economy under the so-called "New Normal" of slower but "higher quality" growth is increasingly underpinning GDP expansion.

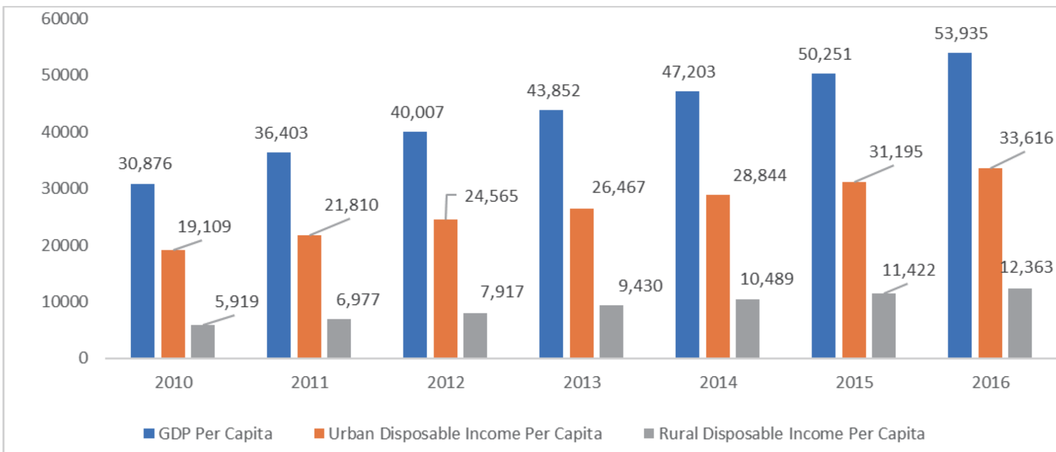
Nevertheless, supply-side structural reforms as well as regulatory tightening to mitigate environmental and financial remain definite drags on growth. And while deleveraging measures may lead to a stabilization of China's debt pile this year, it remains considerable. External uncertainty risks including trade frictions with the U.S. persist and real estate activity continues to show significant variations nationwide, although property market prudential measures have so far tamed volatility.

GDP per Capita in China

The 13th Five-Year Plan adopted in 2016 mandated that China becomes a "moderately prosperous society" (xiaokang) and doubles its real GDP between 2010 and 2020. The disposable income level, one of the good measures, has grown significantly over the past few years. According to the National Bureau of Statistics of China, annual disposable income per capita of urban households in China has increased from RMB19,109 in 2010 to RMB33,616 in 2016, representing a CAGR of approximately 9.87%; annual disposable income per capita of rural households has increased from RMB5,919 in 2010 to RMB12,363 in 2016, representing a CAGR approximate to 13.06%. In comparison to the inflationary figures, the annual inflation rate is between 1.5% and 5.3% during the period from 2010 to 2018. Hence, the living standard of Chinese people saw an overall improvement from 2010 to 2016.

The following diagram shows the GDP per capita, annual urban and rural disposal income per capita from 2010 to 2016.

GDP per Capita of China (CNY)



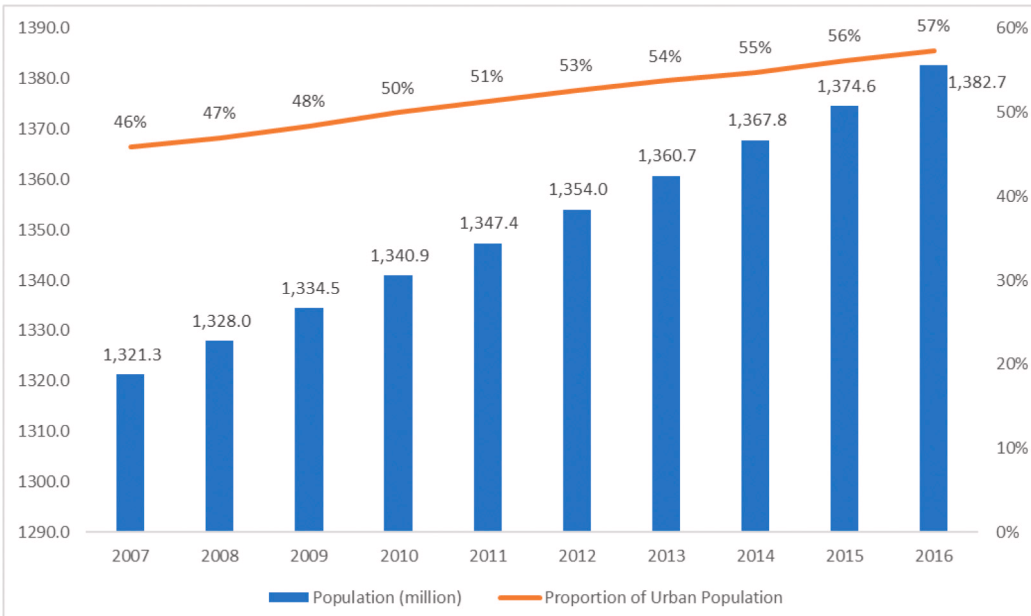
Source: National Bureau of Statistics of China, 2018

Population Growth

The population growth of China tends to become slow these years. According to the National Bureau of Statistics of China, the population has grown from 1.32 billion in 2007 to 1.38 billion in 2016, representing a CAGR of approximately 0.5%. The proportion of urban population in China increased from 46% in 2007 to 57% in 2016, representing a CAGR of approximately 2.41%.

The following diagram shows the population growth and corresponding urban population growth in China from 2007 to 2016.

Population and Portion of Urban Population in China



Source: National Bureau of Statistics of China

For the next ten years, the population growth is supposed to be steady. The future growth of the domestic demand should depend on the population growth, as well as the increasing urbanization and expansion of the middle class. Meanwhile, the unemployment rate was recorded at around 4.0% for the past few years, and it is estimated the status will not change from 2017 to 2023.

Population Forecast of China

	2016A	2017E	2018E	2019E	2020E	2021E	2022E	2023E
Population (Million)	1,382.7	1,390.1	1,397.0	1,403.4	1,409.3	1,414.6	1,419.5	1,420.9
Unemployment rate (%)	4.0	3.9	4.0	4.0	4.0	4.0	4.0	4.0

Source: World Economic Outlook Database (April 2018), International Monetary Fund

China's one-child policy starting from 1979 has slowed down the birth rate, but the side effect of the policy starts to take effect in the current decade. The number of elderly people is rising and this age group is forecasted to grow in the next few decades while the number of children aged from 0 to 14 years old fluctuated around 223 million. The Government has realized this trend and introduced two-child policy since October 2015. As a result, the number of the 0-to-14-years-olds enjoys a slight rise of 231 million in 2016, with the CAGR of -1.15%.

Age Distribution of China from 2007 to 2016 and CAGR

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	CAGR
0–14(Million)	256	252	247	223	222	223	223	226	227	231	–1.15%
15–64(Million)	958	965	974	999	1,002	1,003	1,006	1,004	1,004	1,002	0.51%
>=65(Million)	107	110	113	119	123	127	132	138	144	149	3.77%

Source: National Bureau of Statistics of China

Inflation

The inflation rate in China has slightly decreased since 2011 and picked up in 2017. According to World Economic Outlook Database of the International Monetary Fund, the inflation rate was reported at 1.6% in 2017 in China and is estimated to rise a little at 2.5% to 3.0% from 2018 to 2023. However, the outlook of China's inflation is far left behind compared with the inflation of world's average and of emerging and developing economies.

Annual Inflation Forecasts of China

	Inflation, Average Consumer Prices Changes (%)						
	2017A	2018E	2019E	2020E	2021E	2022E	2023E
World	3.0	3.5	3.4	3.3	3.2	3.3	3.3
Emerging and developing economies	4.0	4.6	4.3	4.2	4.1	4.1	4.1
China	1.6	2.5	2.6	2.7	2.8	2.8	3.0

Source: World Economic Outlook Database (April 2018), International Monetary Fund

Government Policy

The 13th Five-Year Plan (2016–2020) is the main target as for the period, which aims at:

1. maintaining modest economy growth on a balanced, inclusive and sustainable basis, targeting to double GDP and per capita income of urban and rural residents comparing to 2010 by 2020;

2. upgrading the industry towards high-end level accompanied with contributions of consumption to economic growth accounting more, and improving the urbanization rate to a higher level;

3. Enhancing agricultural modernization, improving people's living standards and quality, and helping the rural poor population out of poverty;

4. improving overall national quality, ecological environment quality and social civilization significantly;

5. implementing a more mature and stereotyped political system and achieving significant progress in national governance systems and governance capacity modernization.

The National People's Congress (NPC) begins every year with the presentation of the Government Work Report by the Premier. This year, Premier Li Keqiang emphasized the three tough battles of 2018 (risks, poverty and pollution) and presented the objectives for the year to come. The growth target is set to around +6.5% YoY (compared to previous years when it was "6.5% or better if possible") and the budgetary deficit is set to be reduced to 2.6% of GDP (compared to 3% previously). Moreover, Premier Li announced VAT cuts of RMB800 billion in order to boost the competitiveness of the Chinese private sector.

In addition to various numerical targets, the NPC unveiled appointments of senior officials such as Yi Gang as People's Bank of China (PBoC) Governor and Liu He as Vice-Premier as well as an impressive restructuration plan. This plan includes the merger of the China Banking Regulatory Commission (CBRC) with the China Insurance Regulatory Commission (CIRC) and a reorganization of authorities supervising the financial sector. The Financial Stability and Development Commission (FSDC), created in the summer of 2017, will play the coordinating role and oversee PBoC, which will take care of macro-prudential supervision and the draft of regulations while the regulatory commissions will be tasked with execution.

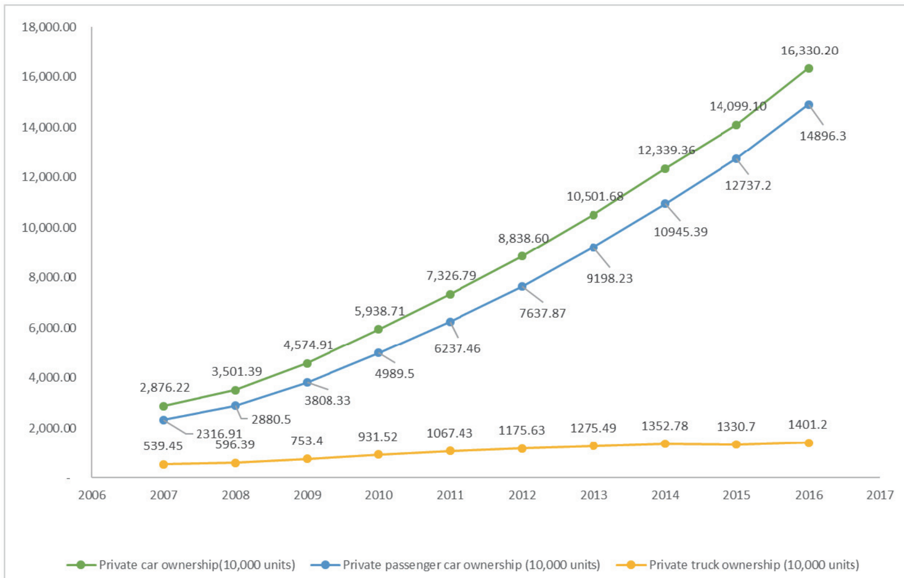
The wide restructuration saw the dissolution and creation of various ministries such as the Ministry of Agriculture, which became the Ministry of Agriculture and Rural Affairs. The National Development and Reform Commission (NDRC) lost many of its functions to other ministries. Restructuration aside, a number of new administrations and agencies are being set up including the State Administration for Market Regulation (SAMR). The SAMR will take over the duties of the State Administration for Industry and Commerce (SAIC), the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the China Food and Drug Administration (CFDA). The State Intellectual Property Office (SIPO) received an extended portfolio with responsibilities for trademarks and geographical indicators and will be under the umbrella of the SAMR. However, restructuration will take time to unfold and many details remain to be clarified.

INDUSTRY OVERVIEW

Introduction

The parking lot management and control industry is a sub-sector of the security industry. In the early days of the security industry, sub-sectors such as the parking industry were not clearly defined. In recent years, since the urbanization process has accelerated, the number of private cars has increased significantly. Therefore, the need for parking lots and parking lot management has gradually improved in the construction of modern cities.

Private vehicles numbers in China from 2007–2016



Source: National Bureau of Statistics of China, 2018

Parking lots development in China

In the 1980s, the scale of parking lots in China was generally small, which were mainly managed manually. The domestic parking lot management and control industry had not yet been formed.

From the 1990s to the beginning of the 2000s, the scale of parking lots had expanded. The formal parking lot management and control industry in China began to appear. The related products were mainly parking toll collection systems and the barrier facilities including the control equipment the entrances and exits of parking lots for the collection of parking fees and security anti-theft. The system had improved the management capacity of the parking lot.

Meanwhile, the parking lot management and control industry abroad had matured. Different from the manual-held charging mode widely at home, the foreign market had developed towards the unattended intelligence.

After 2008, with the rapid development of the automobile industry, the number of cars in domestic cities had increased significantly, and the problem of difficult parking in cities began to emerge. The parking lot management and control industry had ushered in the opportunity of rapid development. Since the number and scale of parking lots were rapidly improved, a few manufacturers had expanded the application area of the parking lot management and control products from the parking lot's entrance and exit to the inside and outside of the parking lot. The product functions had also expanded from traditional charging, guarding and anti-theft to increasing the speed of import and export, finding parking spaces, the owners' reverse car search and diversity payment, etc.

In recent years, with the development of the Internet, Internet of Things, cloud computing, big data technology and the owner's attention to parking experience, the parking management and control industry has an obvious trend of intelligence and networking.

Main features of parking lots development in China from the 1980s till now

Stage	Time	Main feature
Pure manual management	1980–1990	After the reform and opening-up policy, cars began to become popular. With the increase of vehicles in public places, parking management began to appear to maintain public order. Parking management at this stage was mostly manual.
Entrance control	1991–2008	The management model of entrance and exit parking charges began to appear and develop along with the rapid development of urbanization and real estate. Parking entrance and exitance control had become an indispensable part of the security field. The parking management at this stage were limited to the control and charging at the entrance and exit, while the product form was mainly mechanical equipment, including the pass gate, the ticket issuing machine, the card issuing machine, etc. The automation level of the access control equipment was low, and the charging was still manual.
The initial stage of intelligent parking	2009–2015	With the increase in the number of private vehicles, the original parking entrance and exit control had not been able to meet the daily management needs. Therefore, the equipment was gradually becoming high-end and unmanned. The intelligent management equipment such as ETC and non-contact IC cards, RFID card, Bluetooth remote reading card, license plate recognition, city parking guidance system, parking space guidance in the parking lot, reverse car search system, etc., were gradually emerging. The intelligent parking management equipment entered the rapid development.
Advanced stage of smart parking	After 2015	The development of cloud computing and mobile Internet accelerates the launch of the all-video fast-passing and unattended parking management system. In the future, parking applications based on "cloud + mobile" will rapidly spread, and the operation based on parking big data will become an important development direction of the parking management industry in the future.

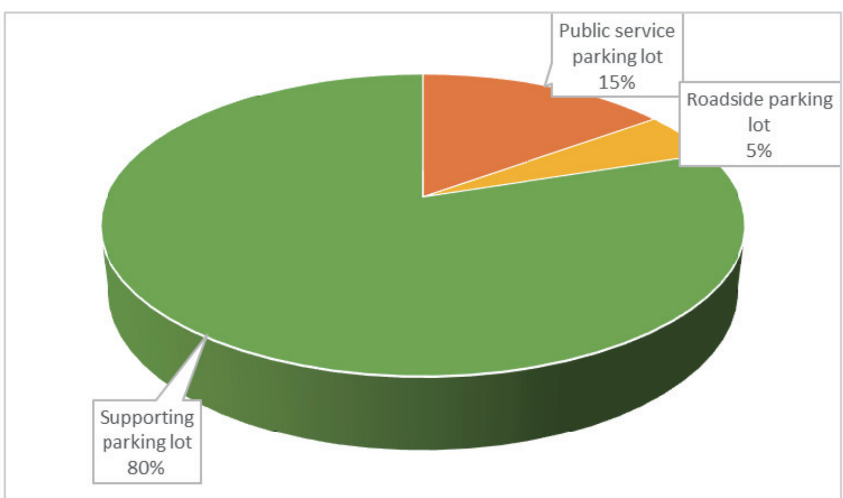
Source: 中國報告網, 2017

Challenge and opportunity of the China parking lot industry

China Industrial Information Research Network released the 2018–2023 China Parking Lot Industry Market Research and Development Strategy Research Advisory Report. The report shows that by the end of 2017, there are at least 301 million motor vehicles and 342 million car drivers. Compared with 2016, the national car ownership in 2017 increased by 23.04 million, with an increase of 11.85%. In terms of distribution, there are 53 cities in the country with more than one million cars, 24 cities with over 2 million vehicles, and 7 cities with over 3 million vehicles, namely Beijing, Chengdu, Chongqing, Shanghai, Suzhou, Shenzhen and Zhengzhou.

At present, the structure of domestic parking lots mainly includes supporting ones, public ones and roadside ones. The supporting parking lots makes up over 80%, including residential, office and commercial parking lots; the public parking lots account for less than 15%, including hospitals, parks, schools, museums, exhibition halls, etc.; and the roadside parking lots account for less than 5%. Due to lower entry barrier, more competitors, more mature markets and more serious homogenization of products or services, the parking lot industry is increasingly competitive.

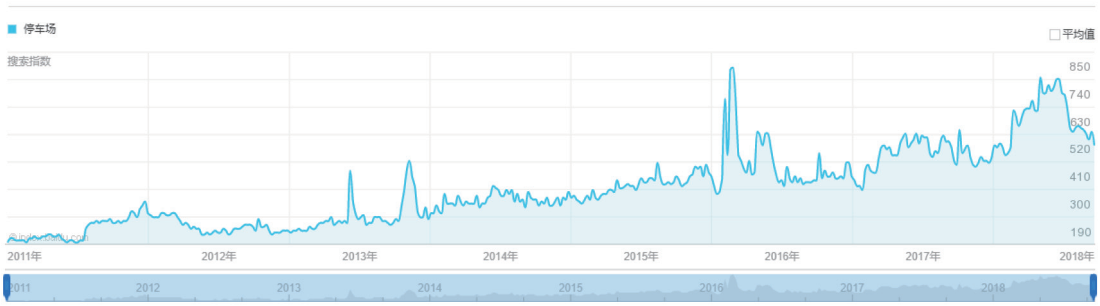
The market segment of the parking lot industry accounts for the proportion of the total market structure



Source: Sansheng consulting, 2018

The average ratio of cars and parking spaces in large cities in China is about 1:0.8, and that in small and medium-sized cities is about 1:0.5. Compared with 1:1.3 in developed countries, the proportion of parking spaces in China is seriously low. The gap of parking spaces in China is more than 50 million. Nationally speaking, as of the end of 2014, the gap of parking spaces in Beijing has exceeded 2.5 million, and those in Shenzhen, Shanghai, Guangzhou, Nanjing and other cities have exceeded 1.5 million. The parking difficulty has become a general trouble of city transportation planning and development for first-tier cities.

The search frequency for the key word "parking lots (停車場)" on mobile end from 2011 to 2018



Source: Baidu, 2018

Prospect

With the prosperity of China's urban economy in recent years and the acceleration of urbanization, the problem of parking difficulties has become increasingly prominent. However, the construction of parking spaces in China is still slow, and the continuous increase in car ownership has put more pressure on the construction and management of parking lots in China.

Nowadays, parking has formed an industry. It not only includes the manufacture and sale of parking equipment, but also involves planning, design, investment, production, installation, maintenance and management. With the introduction of local parking policies nationally, the increasing demand for parking spaces and the expanding of parking lots construction, the parking lots management industry is possible to see a stable development.

COMPANY OVERVIEW

Shougang Concord International Enterprises Company Limited

The Company is the flagship listed company in Hong Kong under Shougang Group and one of the earliest Hong Kong red chips. Its main business includes operation and management of parking facilities, fund management, industry park development and International trade of iron ore.

Urban Parking (Beijing) Limited And Its Subsidiaries

The Subject of Valuation is incorporated in China. It is principally engaged in provision of asset management service (i.e. car park). The Subject of Valuation is currently providing asset management services to eight car parks with total of 10,212 parking spaces located in Beijing, Shanghai and Chongqing. The Subject of Valuation has entered into long-term management service agreements with the relevant landlords with tenure ranging from one year to 10 years.

As at 30 September 2018, the audited consolidated net asset value of the Target Company is RMB707,441.44 and the consolidated total asset value of the Target Company is RMB20,528,591.01.

VALUATION METHODOLOGY OVERVIEW

The valuation of any asset can be broadly classified into one of the three approaches, namely the cost approach, the income approach and the market approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the analysis of that asset.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain a business, business ownership interest, security, or intangible asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Income Approach

This is a general way of determining the economic value of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the Valuation Date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

Market Approach

The market approach provides an indication of value by comparing a business, business ownership interest, security, or intangible asset with identical or comparable (that is similar) subjects for which price information is available.

Value is established based on the principle of comparison. This simply means that if one thing is similar to another and could be used for the other, then they must be similar. Furthermore, the price of two alike and similar items should be approximates to one another.

There are 2 principal methods under the market approach, namely Guideline Merger and Acquisition ("**GMA**") Method and Guideline Publicly Traded Company ("**GPTC**") Method. Under GMA Method, value is derived from the acquisition prices at which business similar to that of the Subject of Valuation is exchanged (i.e. guideline transactions). Under GPTC Method, value is derived from trading price multiples of a selected set of comparable companies. Application of the market approach is subject to the following requirements:

- Existence of historical (and recent) comparable transactions/companies;

- Availability of public information on comparable transactions/companies; and
- Arm's length transactions between the independent uncontrolled parties.

Selected Valuation Approach

Methodology	**Application**	**Reason**
Cost Approach	Rejected	(a) participants would not be able to recreate an asset with substantially the same utility as the Subject of Valuation, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the Subject of Valuation immediately; and (b) the Subject of Valuation is a directly income-generating and the unique nature of the Subject of Valuation makes using an income approach or market approach feasible.
Income Approach	Rejected	(a) the income-producing ability of the subject asset is only one of several factors affecting value from a participant perspective; and/or (b) there is significant uncertainty regarding the amount and timing of future income-related to the subject asset.
Market Approach	Accepted	The market approach referred to the public information of the market participants, which involve fewer assumptions on the input in the valuation and reflecting the market expectation and view on the industry. We have considered and rejected the GMA Method. Since available public information in relation to acquisitions frequently involves specific buyers who pay a premium/discount under their unique circumstances, it is difficult to make adjustment to reflect the unique circumstances of the Subject of Valuation. We exercised due care on searching comparable transaction and no existence of historical comparable transactions (with enough public disclosure) which are similar to the circumstances of this case. Hence, GMA Method is not applicable. On the other hand, there are sufficient numbers of comparable public companies available in markets which facilitate a meaningful comparison and provide inputs for determining the valuation multiple. GPTC Method under the market approach is applied and considered as appropriate and reliable.

GENERAL ASSUMPTIONS

A number of general assumptions are established to sufficiently support our conclusion of valuation. The general assumptions adopted in this valuation are:

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the existing political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions in countries/regions where the Subject of Valuation currently operates in;

- There are no deviations, the aggregate of which when viewed together, may be construed to be a material adverse change in industry demand and/or market conditions;

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the fluctuation of interest rates or currency exchange rates in any country which would be deemed to have a negative impact or the ability to hinder the existing and/or potentially future operations of the Subject of Valuation;

- There are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the current laws of taxation in those countries in which the Subject of Valuation operates in or the Subject of Valuation may potentially operate in;

- All relevant legal approvals, business certificates, trade and import permits, bank credit approval have been procured, in place and in good standing prior to commencement of operations by the Subject of Valuation under the normal course of business;

- Financial projections and future business potential generated from the Subject of Valuation are expected to largely conform to those as forecasted by the Management;

- The Subject of Valuation will be able to retain existing and competent management, key personnel, and technical staff to support all facets of the ongoing business and future operations; and

- Trademarks, patents, technology, copyrights and other valuable technical and management knowhow will not be infringed in countries/regions where the Subject of Valuation is or will be carrying on business.

APPLICATION OF MARKET APPROACH

Guideline Publicly Traded Company Method ("GPTC Method")

We have accepted the GPTC Method as the primary method given a pool of relevant and sufficient comparable companies ("**Guideline Public Companies**") with similar business model being identified. The premise behind the GPTC Method is that prices of publicly traded stocks in the same or a similar industry provide objective evidence as to values at which investors are willing to buy and sell interest of companies in that industry.

Under the GPTC Method, the market value is derived from last trading multiples of Guideline Public Companies.

In applying the GPTC Method, we have computed the trading multiples on various benefit streams for each of the Guideline Public Companies. An appropriate valuation multiple is then determined and adjusted for the unique aspects of the company being valued if any. This valuation multiple is then applied to the company being valued to arrive at an estimate of value for the appropriate ownership interest.

Selection of the Guideline Public Companies

The application of the GPTC Method depends on the selection of the Guideline Public Companies that shared sufficient similarities to underlying business of the Subject of Valuation so as to provide meaningful comparisons. We exercised due care in the selection of the Guideline Public Companies by using multiple screening criteria in deciding whether or not the business model of a particular Guideline Public Company is relevant.

The Subject of Valuation is principally engaged in provision of asset management service in China. In selecting the Guideline Public Companies, we started with a description of the potential companies, in terms of lines of business, location of business, financial information and other criteria. In order to comprise a representative set of Guideline Public Companies to derive the valuation result, we have studied the criteria of the Guideline Public Companies and the Subject of Valuation as follows:

- Principal Activity: Principally engaged in provision of asset management service
- Principal Geographic Operation Segment: China
- Financial Information: We have studied the property, plant and equipment to revenue ratio (to ensure the comparables are asset-light). We have also compared the gross margins and net profit margins of the comparable companies and the Subject of Valuation to ensure the margins of the comparable companies did not deviate much from the Subject of Valuation.

We performed our comparable search based on the above selection criteria. A pool of related companies are identified that are operating in similar business as the Subject of Valuation and outliners are excluded. After considering primarily the aforesaid factors as a whole and in order of their priorities, six listed companies with similar principal activity and geographic operation segment as the Subject of Valuation are selected. The following list shows the Guideline Public Companies that we have selected in connection with this valuation.

Selected Guideline Public Companies

Guideline Public Companies

1. **China Overseas Property Holdings Limited (2669 HK)**

The company operates as a property management firm.

2. **Greentown Service Group Co. Ltd. (2869 HK)**

The company operates in the real estate service industry. The Company provides property management, consulting, and community value-added services.

3. **Colour Life Services Group Co., Ltd. (1778 HK)**

The company is a real estate management company.

4. **Riverine China Holdings Limited (1417 HK)**

The company operates as a property management company. The company offers engineering, repair and maintenance, security, and cleaning and gardening services.

5. **A-Living Services Co., Ltd. (3319 HK)**

The company offers property management services. The Company provides hydropower maintenance, interior decoration works, landscaping works, parking management, home cleaning services, and other services.

6. **Clifford Modern Living Holdings Limited (3686 HK)**

The company offers consumer services. The Company provides property management, retail, restaurants, and other related community services.

Source: Bloomberg

Determination of the Valuation Multiple

Valuation multiples, which are measures of relative value, are computed by dividing the market capitalisations or enterprise value ("**EV**") of the Guideline Public Companies by some identified value-driving economic variable(s) observed or calculated from their latest published fundamental data, being typically their financial data (such as revenue, earnings before interests, taxes, depreciation and amortization ("**EBITDA**"), net earnings, net asset) or other industry-specific value drivers as at the Valuation Date.

The Subject of Valuation is under normal operation and profitable, net profit is a suitable and most direct indicator of valuation. Considering the Subject of Valuation has an asset light business model, there is no advantage of using EV/EBITDA multiple compared with Price-to-Earnings ("**P/E**") multiple. As a result, P/E multiple is selected as an appropriate valuation multiple.

Computation of the Valuation

After identifying the Guideline Public Companies and determining the valuation multiple, the next step is to compute the P/E multiples on a reliable and consistent approach across all Guideline Public Companies. The process of computing the valuation multiple in this valuation consists of the following 2 procedures:

- Determination of the market capitalisation for each Guideline Public Companies as at the Valuation Date. The market capitalisation for each Guideline Public Companies is referred to Bloomberg as at the Valuation Date.

- Determination of the measure of operating results i.e. net profit, which represent the denominators of the multiple.

Implied P/E multiple for the Guideline Public Companies

	Name	Ticker	Market Capitalization *(HKD million)*	Net Profit *(HKD million)*	P/E Multiple *(rounded)*
1	China Overseas Property Holdings Limited	2669 HK	8,283	373	22.23x
2	Greentown Service Group Co. Ltd.	2869 HK	17,222	529	32.58x
3	Colour Life Services Group Co., Ltd.	1778 HK	7,094	476	14.91x
4	Riverine China Holdings Limited	1417 HK	741	41	17.87x
5	A-Living Services Co., Ltd.	3319 HK	17,893	334	53.50x
6	Clifford Modern Living Holdings Limited	3686 HK	660	65	10.15x
				Median (rounded):	**20.05x**

We have taken the sample median, being 20.05x of the six Guideline Public Companies, as the adopted P/E multiple for our valuation analysis. The median serves a better reflection of the central tendency of the sample if the distribution is not roughly identified as normally distributed. We believe the median rule can better take consideration of the side effect of the skewed data points than the average rule.

NORMALIZATION OF NET PROFIT OF THE SUBJECT OF VALUATION

RMB	**Financial Year Ending 31 December 2016**	**Financial Year Ending 31 December 2017**
Audited Consolidated Net Profit of the Subject of Valuation	59,074.59	1,404,609.43

It is noted that the Subject of Valuation recorded a significant growth of net profit in FY2017 mainly contributed by improved gross margin. Furthermore, the management of the Company has identified some non-recurring items and costs incurred by the Subject of Valuation that would be reduced upon completion of the acquisition. So, we have taken into account reasonable normalization of net profit in the valuation.

Normalized earnings represent a company's earnings that omit the effects of nonrecurring charges or gains. The reason of applying normalization is to present a company's true financial health and performance. Before adopting the normalization provided by the management of the Company, we have reviewed the nature of adjustments to confirm that the adjusted costs are of non-recurring nature or excessive upon completion of the transaction. Finally, we have reviewed the net profit margin calculation based on the normalized net profit. The results lied within the range of net profit margin achieved by the comparable companies.

Reconciliation of the Normalized Net Profit

	RMB
Trailing 12-month net profit up to 31 August 2018	1,220,827
Add: Adding back one-off expenses and	737,088
Add: Cost savings upon completion of the transaction	1,480,227
Minus: tax adjustment from the normalization adjustments	533,490
Normalized net profit	2,904,652

MAJOR ASSUMPTIONS

A number of major assumptions are established to sufficiently support our application of the GPTC Method. The major assumptions adopted are:

- It is assumed that the valuation of Guideline Public Companies with similar business exposure (although not exactly the same) provided a reasonable benchmark of valuation that could be applied to the Subject of Valuation;
- The median multiple is assumed to reflect a fair and objective market expectation on the industry;
- The future performance of the Subject of Valuation would not deviate from the performance of its industry peers;
- It is assumed that the Subject of Valuation will be able to renew existing asset management contracts and/or obtaining new asset management contracts over the time to replace expired contracts to support continuity of the business; and
- The normalized net profit of the Subject of Valuation provided by the management of the Company would better reflect a sustainable level of net profit of the Subject of Valuation.

CONTROL PREMIUM

Control Premium is generally regarded as the amount in excess of the current traded market price that a buyer is willing to pay to acquire the control of a publicly traded company. A buyer is willing to pay a premium for control when obtaining the controlling advantages, they would not receive if only a minority interest is purchased, such as autonomy over investment and distribution policies, operational and merger strategies, etc. As such, estimating the value of the control premium is necessary when valuing a block of shares where controlling or significant voting rights are attached.

In this valuation, valuation multiple is computed with reference to the P/E of the Guideline Public Companies. Market Capitalization of the Guideline Public Companies can only reflect the valuation on a sum-of-minority-shares basis. On the other hand, this transaction involved equity interest of the Subject of Valuation on a controlling basis. It is thus reasonable to apply a control premium to reflect these control advantages over the observed minority prices of the Guideline Public Companies.

With reference to the Mergerstat Review 2018 published by FactSet Mergerstat, LLC., we considered a control premium of 5% is fair and reasonable for this valuation.

DISCOUNT FOR LACK OF MARKETABILITY

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount ("**DLOM**") reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

DLOM is a downward adjustment to the market value of a private investment to reflect its reduced level of marketability, regardless of whether the investment involve a controlling or minority stake in the private company. In selecting the appropriate DLOM, we considered the length of time to market, effort to locate potential counterparties, effort on price discovery, and other direct and indirect costs to be spent or incurred by any prospective owner of the subject investment to transfer an interest and the level of trading activity in the marketplace of the subject investment.

The direct transfer costs, as reflected in their form of legal fees, accounting fees and intermediary fees are typical frictional costs to any trading activities and stake transactions, and hence would command an additional layer of value discount to investments linked with significant direct transfer costs.

The indirect transfer costs, as reflected in their form of inherited marketplace characteristics and activities (bid-ask spreads, transaction volume, typical market depth) and characteristics of the potential participants (heterogeneity in value perceptions, size of stake transferred, perceived pricing risks), are further risks to any owners and thus would typically command an additional layer of value discount.

DLOM is usually observed to have the larger impact on transfer of non-marketable minority stakes in a private company than transfer of non-marketable controlling stakes in a private company. Minorities typically suffer from deeper DLOM given their "unattractiveness" to potential investors, since the minorities usually have fewer active options (only receiving dividends or sale to another investor) to receive liquidity, whereas controlling stakes have more active options (pursuing more advantaged operation and distribution policies, go public or sale to strategic buyout investors, etc).

In this valuation, P/E multiple of the Guideline Public Companies is computed. Guideline Public Companies are listed companies, while the Subject of Valuation is a private group with controlling stakes. The level of marketability of the equity interest of a private group is considered lower than a listed company. As such, DLOM is considered as a downward adjustment on the value of the Subject of Valuation, which is a private equity, when comparing with listed companies. We further noted that the Subject of Valuation has over 10 years of history and solid track record in car park management before deciding the DLOM.

With reference to the 2017 edition of the Stout Restricted Stock Study Companion Guide published by Stout Risius Ross, LLC, we considered a DLOM of 15% is fair and reasonable for this valuation.

SUMMARY OF VALUATION RESULT

As the final step of our valuation, we consolidated our above findings and discussions into the following summary of valuation result:

Valuation Summary for the Subject of Valuation

Market Approach – GPTC Method		**31 August 2018**
Selected Valuation Multiple (rounded)	P/E	20.05x
Financial Result of the Subject of Valuation:		
Net Profit for the Trailing 12 months Ending 31 August 2018	RMB	2,904,652
Implied Market Value of the Subject of Valuation, before Adjustment	RMB	58,238,269
Add: Control Premium	5%	2,911,913
		61,150,182
Less: DLOM	–15%	(9,172,527)
Implied Market Value after Control Premium and DLOM	RMB	51,977,655
Implied Market Value of the Subject of Valuation (rounded)	RMB	51,978,000

* Products and sums of the figures may not equal to the total of the figures due to rounding

SENSITIVITY ANALYSIS

A sensitivity analysis on the Market Value of the Subject of Valuation is performed, holding all other variable fixed and varying the valuation multiple (i.e. P/E) as of the Valuation Date.

Sensitivity Analysis on Market Value

P/E Multiple	Market Value *(RMB)*
18.05 (-2)	46,793,000
19.05 (-1)	49,385,000
20.05 (0)	**51,978,000**
21.05 (+1)	54,570,000
22.05 (+2)	57,162,000

LIMITING CONDITIONS

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Subject of Valuation.

The opinions expressed in this report have been based on the information supplied to us by the Company and their staff, as well as from various institutes and government bureaus without verification. All information and advice related to this valuation are provided by the management of the Company. Readers of this report may perform due diligence themselves. We have exercised all due care in reviewing the supplied information. Although we have compared key supplied data with expected values, the accuracy of the results and conclusions from the review are reliant on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any errors or omissions in the supplied information and do not accept any consequential liability arising from commercial decision or actions resulting from them.

This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

CONCLUSION OF VALUE

In conclusion, based on the analyses as fully described in this valuation report and the valuing methodologies which we have employed, we are of the opinion that the Market Value of 100% Equity Interest in Urban Parking (Beijing) Limited and its Subsidiaries as at 31 August 2018 is as follows.

Subject of Valuation	Valuation Result
100% Equity Interest in Urban Parking (Beijing) Limited and its Subsidiaries	RMB51,978,000

The opinion of value is based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor any prospective interests in the subject under valuation. Moreover, we have neither personal interests nor any bias with respect to the any of the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,

VALTECH VALUATION ADVISORY LIMITED

INVOLVED STAFF BIOGRAPHY

Max Tsang, *CPA, CFA, FRM, MRICS, MStat*

Mr. Tsang has been working in the professional valuation field since 2011. Before joining the valuation field, he worked in banking and finance sector from 2008 to 2010. Mr. Tsang has been leading a team of business valuation for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions, financing, tax and litigation support. The scope of services includes business valuation and intangible asset valuation.

He has performed valuation and provided fairness opinion for listed companies in the United States, Australia and Germany. He has participated in many representative projects, such as valuation of global luxury brands, oil and gas extraction in the United States and Canada, BOT infrastructural project, solar and wind power plants, banks, logistic hub in Singapore, toll road in the United Kingdom, container port in Brazil and premium food manufacturer in Spain.

He has provided valuation advisory services for private equity funds in Hong Kong and the PRC regarding market value assessment of the general partner's stakes and investment portfolios for valuation control and financial reporting purposes (including compliance with IFRS 9). The investment portfolios included renowned internet and technology companies as well as infrastructural projects in China.

He has also served as the expert witness for litigation. He is also experienced in valuation of overseas project for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC. The valuation reports prepared by Mr. Tsang and his team have been regularly referenced by Hong Kong listed companies in their circulars, including companies in agriculture, retail, mining, internet, automobile, education, financial services, multimedia, internet, real estate, entertainment, electronic equipment and infrastructural sectors.

Marvin Wong, *CPA*

Mr. Wong has over ten years of experience in the professional service industry, including auditing, internal control advisory, financial due diligence, and with a focus on business valuation services.

Mr. Wong is experienced in performing business valuation for State-owned enterprises, private and public companies. He provides valuation services mainly to support the purpose of financial reporting, mergers and acquisitions, tax filing and fund raising. He has performed valuation of projects for State-owned Assets Supervision and Administration Commission of the State Council (SASAC) filing in the PRC, listed companies' circular filing in Hong Kong and Singapore.

He has earned valuation experience in industries including but not limited to food and beverage, education, financial service, hotel, toll road, mining, ship building, pharmacy, agriculture, trading, e-platform, marketing, person-to-person microlending, waste management, intelligent parking, etc. He is also experienced in intangible asset valuation including customer relationship, trademark, franchise agreement, mining right, patent, distribution network and concession right.

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 10:00 a.m. on Thursday, 20 December 2018 at Concord Room 1, 8/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, an aggregate of 177,425,528 shares of the Company to be allotted and issued by the Company to Urban Parking Limited (the "**Vendor**") at HK$0.25 each (the "**Consideration Shares**"):

   (a) the grant of the specific mandate to the directors of the Company for the allotment and issue of the Consideration Shares in accordance with the terms of the conditional sale and purchase agreement dated 1 November 2018 entered into between the Company, 首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd.*, the "**Purchaser**"), the Vendor and 富城(北京)停車管理有限公司 (Urban Parking (Beijing) Limited*, the "**Agreement**") be and are hereby approved; and

   (b) any one director 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 Agreement and the transactions contemplated thereunder."

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

Hong Kong, 28 November 2018

* *The English translations of Chinese names in this notice, where indicated, are included for reference only, and should not be regarded as the official English names of such Chinese names.*

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, 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 10:00 a.m. on Tuesday, 18 December 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, 14 December 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, 14 December 2018 for registration.