



首長國際企業有限公司

SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

(STOCK CODE: 697)

2019 Interim Results

September 2019





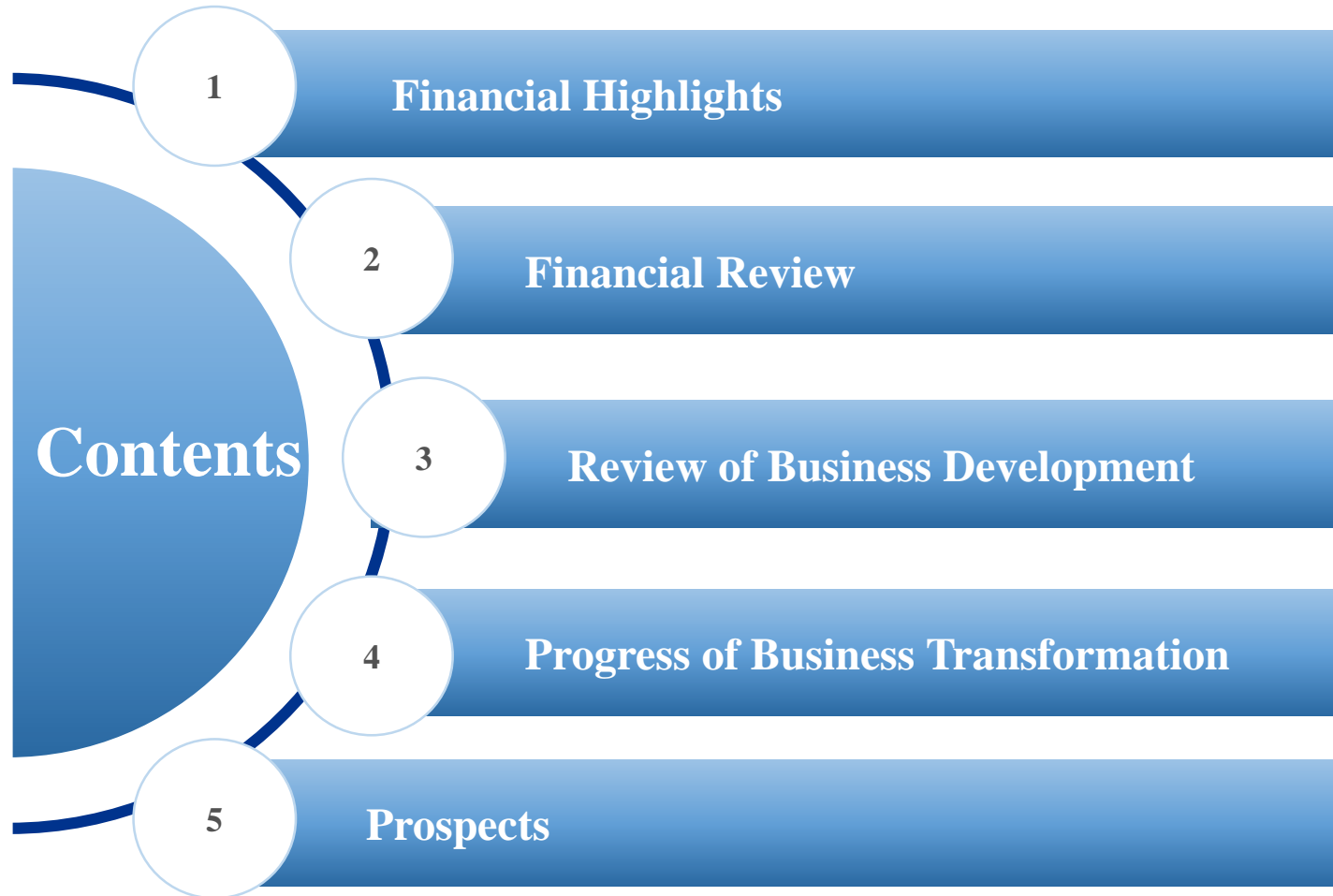
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Chapter 1 Financial Highlights

Performance Overview

- ❑ This year is the second year of the Company's transformation while the profitability of main business has been improved prominently with concerted efforts of the team.
- ❑ According to the financial performance, the Company has declared an interim dividend in the total amount of HK\$200 million for the six months ended 30 June 2019, amounting to HK0.73 cents per share.

Key Performance Indicators	For the six months ended 30 June		Variations
	2019	2018	
	HK\$ Million	HK\$ Million	
Revenue	298	818	-63.6%
Gross profit margin	31.9%	6.3%	25.6%
Profit attributable to shareholders	303	218	39.0%
Earnings per share (HK cent)	1.18	1.18	-

Key Performance Indicators	30 June 2019	31 December 2018	Variations
	HK\$ Million	HK\$ Million	
Total assets	11,062	9,430	17.3%
Net assets	9,578	8,995	6.5%
Bank balances and cash	3,910	3,034	28.0%

Key Performance Indicators

GROSS PROFIT MARGIN

increase by 25.6%



- The increase in gross profit margin was mainly attributable to the fact that the structure of main business changed and there was a higher proportion of private fund management business and car parking assets management operation business for this period, and the gross profit margin of both businesses was higher than that of iron ore trading business.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS (HK\$ MILLION)

increase by 39%



- The profitability of the Company's principal businesses has been enhanced significantly and profit attributable to shareholders for the period has elevated substantially.

BANK BALANCES AND CASH (HK\$ MILLION)

increase by 28.9%



- Up to 30 June 2019, the Group recorded bank balances and cash as HK\$3.91 billion. Cash reserve is sufficient.



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Chapter 2 Financial Review

Overview of Operations

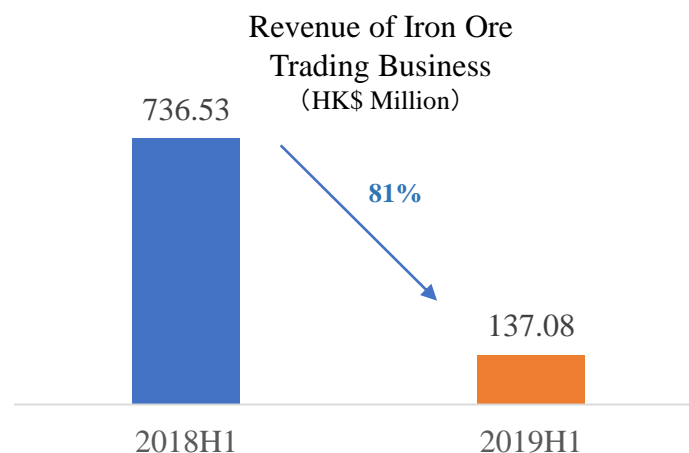
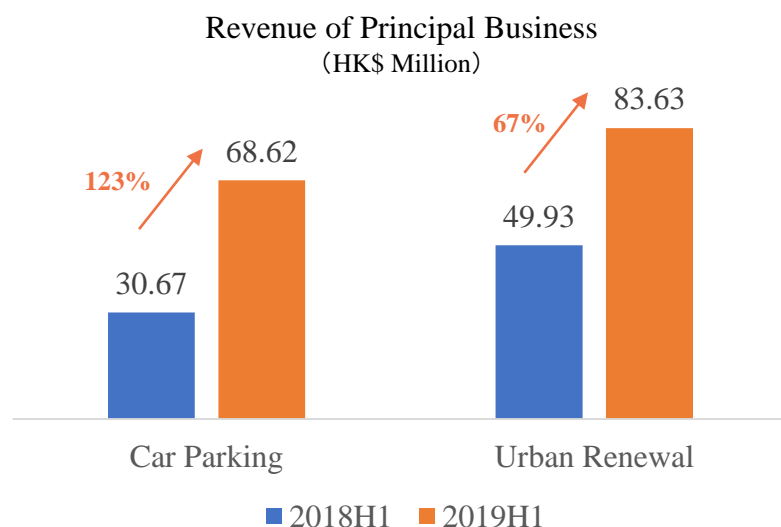
Operation/Entity	Attributable interest	For the six months ended 30 June	
		2019	2018
		HK\$ Million	HK\$ Million
1. Trading business	100%	(2)	40
2. Car parking asset operation and management business	100%	(15)	(9)
3. Urban renewal-oriented private fund management business	100%	132	20
Sub-total		115	51
4. Share of results of associates			
Shougang Resources	27.61%	164	163
Shougang Century	35.71%	5	(8)
Others		(3)	-
Sub-total		166	155
5. Others			
Fair value (loss)/gain on iron ore offtake agreements with Mt. Gibson		(4)	20
Disposal of the equity interest of Shougang Century		(125)	-
Australian tax recoverable		148	-
Corporate and others		3	(8)
Sub-total		22	12
Profit attributable to shareholders		303	218

Scale of Principal Business Expands Rapidly

Car parking assets operation and management business recorded a turnover of approximately HK\$68.62 million in the first half of 2019, representing an increase of **123%** as compared to the same period last year.

Urban renewal-oriented private fund management business recorded a turnover of approximately HK\$83.63 million in the first half of 2019, representing an increase of **67%** as compared to the same period last year.

The Group further reduced the trading business scale of iron ore in 2019. During the six months, approximately 220,000 tons of iron ore have been sold, a decrease of 84% over the same period last year, recording a turnover of HK\$137 million, a year on year decrease of **81%**.



Share of Results of Associates

Shougang Resources :

The profit of the Group's share of Shougang Resources in the current period was HK\$164 million while last year's profit was HK\$163 million.



Shougang Resources is a 27.61% owned associate of the Company listed in Hong Kong and is a major hard coking coal producer in China, which now operates three premium coal mines in Shanxi province with its business developing stably. The strong financial position of Shougang Resources with nearly zero gearing ratio and bank balances of HK\$4.6 billion enable it to improve its value when appropriate investment opportunities arise.

Shougang Century :

The Group's share of its profit was HK\$5 million in current period.



Shougang Century is a 35.71% owned associate of the Company listed in Hong Kong and in the period, the Group has completed the disposal of equity interest in Shougang Century.



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Chapter 3 **Review of Business Development**

Car Parking Assets Operation and Management

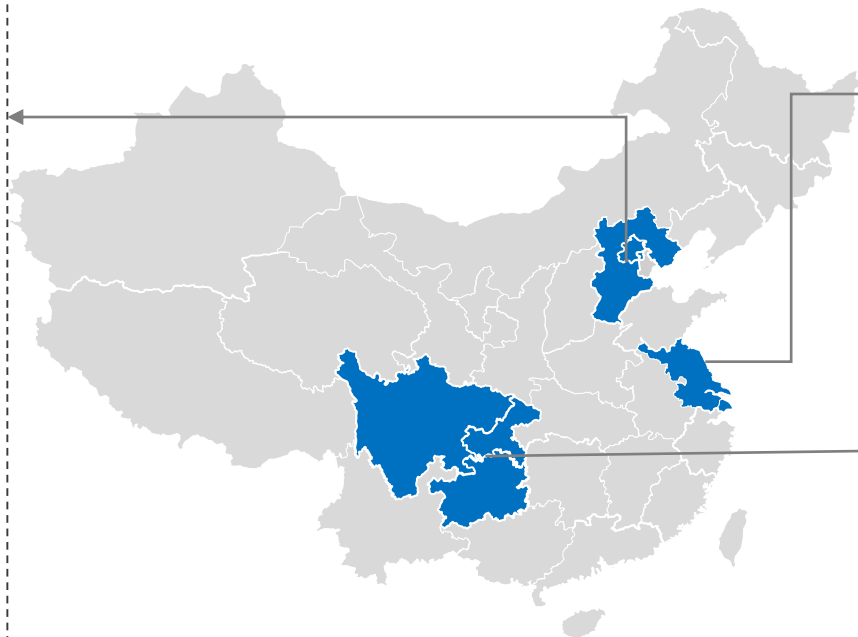
Business Development Path

- **Principles**
key cities, high-quality car parking spaces, long-term(>5 years) operation rights
- **Overall Arrangements**
focusing on 1st-tier and 2nd-tier core cities in China
- **Categories**
focusing on large transportation hubs, public facilities with high density, and auxiliary parking assets of commercial property with high traffic flow

Beijing-Tianjin-Hebei

Region :

- Beijing Capital International Airport
- Beijing Daxing International Airport
- Beijing Railway Station
- China-Japan Friendship Hospital
- Beijing Hospital
- Wangjing Hospital
- Beijing Bez IT Park
- Chongwenmen New World Department Store
- Lize SOHO
- Houshayu P+R Complex Project in Shunyi District of Beijing
- Roadside Parking Project in Yanqing District of Beijing
- Tangshan Railway Station
- Tangshan Workers' Hospital
- North China University of Science and Technology Affiliated Hospital



Yangtze River Delta Area

- Shanghai Hongqiao International Airport
- Franchise Project of Public Parking Lot of Qinhuai District in Nanjing
- Shangjing Tiandi Project

Chengdu-Chongqing

Area :

- Western Wisdom Valley in Chengdu
- Chengdu Hi-tech District Public Parking Lot
- Guiyang Longdongbao International Airport
- Chongqing Zhongyu Square
- Chongqing Fortune Financial Centre
- Chongqing Ikea

Car Parking Assets Operation and Management

Important Advances

Beijing Capital International Airport

- In July 2019, the Group won the bid for 15 years of operating rights of No.1 parking lot, No.2 parking building, GTC parking building and No.5 parking lot in **Beijing Capital International Airport**, successively extending the lead in the operation of airport parking lot.
- With the utilization of Beijing Daxing International Airport, the layout of “two airports in one city” will be formed. The Group owns the operation rights of these two airports, which contributes to the synergy between two airports and enhances the overall premium capacity.

Beijing Daxing International Airport Taxi Stand

In June 2019, the Group successfully contracted the operation rights of Beijing Daxing International Airport Taxi Stand, obtaining all the operation rights of Beijing Daxing International Airport parking space.

Daxing Airport



Capital Airport



Hongqiao Airport



Guiyang Airport



Car Parking Assets Operation and Management

Important Advances

Other Transportation Hubs Parking Projects

- Recently, the Group took over the operation and management of Tangshan Railway Station.

Hospital Parking Projects

- In the first half year of 2019, the Group signed up for two hospital parking projects in Beijing and Tangshan.

City-level Parking Projects

- In May 2019, the Group won the bid for the franchise project of public parking lot of Qinhuai District in Nanjing. This project is another city-level parking project following the bid of parking business in Tangshan by the Group in 2018.
- This bid will give full play to the Group's scale and technical advantages in the parking field, providing a complete parking business solution for the region.

The Group has signed up for dozens of projects in key cities such as Beijing, Shanghai, and Chongqing, significantly expanding the layout of the business, enlarging projects stock and obtaining more than 50,000 parking spaces.

Car Parking Assets Operation and Management

Intelligent management cloud platform and non-parking innovative business offer a breakthrough to lead the revolution of traditional parking business mode, assets empowerment and service value appreciation, thus to gain better asset return.

The Group is dedicated to comprehensively improving car parking service quality, launches **five-star service system**, and promotes unattended operation, so as to realize product upgrade and management empowerment, thus to provide better service to customers.



- **Intelligent management platform 2.0** is coming soon and the Group will promote **unattended management mode** to all parking lots under its management.
- According to the category of parking assets, the Group introduces various kinds of business such as advertising, charging point, car rental, and convenient vendors, which improves the service function as well as the profitability of car parking assets.

Urban Renewal Business

rapid increase of scale

- In the first half of 2019, urban renewal-oriented private fund management business witnessed an exponential growth, and the scale of new fund management business was **RMB13.9 billion**.

total scale exceeding 40 billion

- As at 30 June 2019, the Group has managed or been responsible for investing into or operating 24 funds in total, with a total target subscription scale of approximately RMB40.4 billion.

high-quality investors

- The Group successfully introduced the National Council for Social Security Fund (“NSSF”) as the limited partner which paid the largest single contribution, establishing the fund with the scale of RMB6 billion.
- Introducing the **NSSF** to the strategic investment of the funds managed by the Group has symbolic significance.

investors

- The investors of the currently managed funds include NSSF, Agricultural Bank of China, China Merchants Bank, China Life Insurance and other **large financial institutions**, and **fund investment institutions from the provincial and municipal governments** such as Beijing, Chengdu.

exponential growth of business

- In the first half of 2019, the business segment recorded turnover of **HK\$84** million and net profit of **HK\$132** million.
- The income contribution from newly-established fund during the year will be further released in the second half of the year.

performance prospect

- With the steady growth in the number and size of funds under management, the Group expects that in the foreseeable future, the management fee income and return on investment and the provision of private fund management services **will achieve a sustainable and rapid growth**.



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Chapter 4 Progress of Business Transformation

Disposal of Non-principal Business

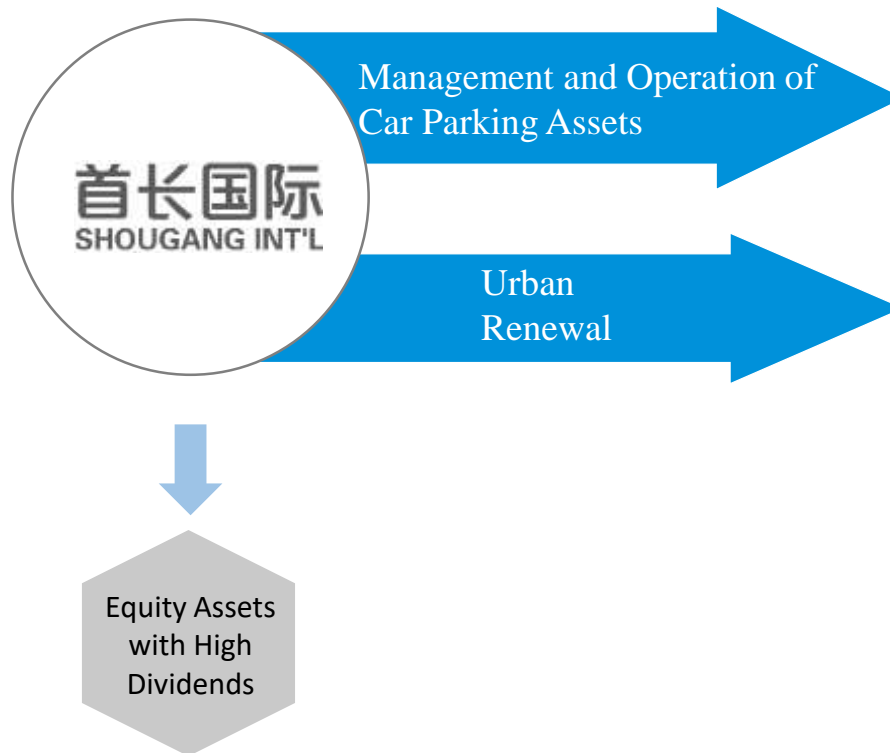
Trading of iron ore: reducing trading scale and transferring the iron ore offtake agreements

- In 2019, the Group further reduced the scale of its iron ore trading business, which recorded a turnover of HK\$137 million, a year on year decrease of 81%.
- On 31 May 2019, the Group transferred the iron ore offtake agreements to Newton Resources Limited at the consideration of HK\$150 million.

Disposal of shares of associates

- Considering the strategic concentration of the Company, the Company entered into a sale and purchase agreement with Shougang Holding on 21 November 2018, pursuant to which the Company conditionally agreed to sell and Shougang Holding has conditionally agreed to purchase the 35.71% equity interest in Shougang Century.
- The disposal was officially completed on 9 April 2019.
- Due to the equity disposal, the Group recognized a loss for the current period of approximately HK\$125 million.

Further Concentration on the Business Layout



Introducing Strategic Shareholders to Optimize Share Structure



In Mar 2019 · **HOPU and MatrixPartners China** strategically invested in Shougang Int'l with the net proceeds of approximately HK\$850 million, which will be used for further expanding the Group's businesses in management and operation of car parking assets and urban renewal-oriented private fund management.



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Chapter 5 Prospects

Prospects

Car Parking Assets Operation and Management :

- The car parking industry in the PRC currently has problems including low management efficiency, excessive market dispersion, and lack of leading enterprise in the industry, which represented a huge space for integration and market expansion. As the first and the only one listed company in China that focuses on the investment and operation of car parking facilities, the Group is committed to becoming a pioneer and promoter of the car parking industry.
- It is expected that the Group will achieve extremely fast development in respect of car parking operation in the future.

Urban Renewal :

- While creating long-term and stable profits for the Company, the private fund management business also contributed to the growth of the Company's urban renewal and car parking business. A unique development model of “funds + bases + industries” was formed, providing a solid foundation for the robust growth in the future.
- In view of the strong fund-raising capability and tremendous investors base (international large-scale financial institutions and provincial and municipal government invested fund), it is expected that the management service income from future private equity fund business and net profit contribution from investment exit will continue to rise as the fund size increases.



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T H A N K S !