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首長國際企業有限公司
SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 697)

**(I) CONNECTED TRANSACTIONS INVOLVING
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE
AND
(II) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

(I) CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 24 July 2018 (after trading hours), the Company entered into (i) the Jingxi Subscription Agreement with Jingxi Holdings; and (ii) the Rocket Subscription Agreement with Rocket Parade. Pursuant to the Connected Subscription Agreements, the Company has conditionally agreed to allot and issue, and Jingxi Holdings and Rocket Parade have conditionally agreed to subscribe for an aggregate of 3,400,000,000 new Shares under the specific mandate. The Connected Subscription Shares will be issued at the Connected Subscription Price of HK\$0.25 per Connected Subscription Share which is equal to the Subscription Price.

Assuming that there will be no change in the total number of issued Shares between the date of this announcement and the completion date of the Connected Subscription (save for the issue of the Connected Subscription Shares and the Subscription Shares), the Connected Subscription Shares represent (i) approximately 17.929% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 14.245% of the total number of issued Shares as enlarged by the allotment and issue of the Connected Subscription Shares and the Subscription Shares, subject to completion of the Connected Subscription and the Subscription.

The Connected Subscription is subject to various conditions set out below under the heading “Conditions precedent to the Connected Subscription”.

(II) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 24 July 2018 (after trading hours), the Company entered into the Subscription Agreement with ORIX Asia, pursuant to which the Company has conditionally agreed to allot and issue, and ORIX Asia has conditionally agreed to subscribe for an aggregate of 1,503,741,731 new Shares under the specific mandate. The Subscription Shares will be issued at the Subscription Price of HK\$0.25 per Subscription Share.

Assuming that there will be no change in the total number of issued Shares between the date of this announcement and the completion date of the Subscription (save for the issue of the Connected Subscription Shares and the Subscription Shares), the Subscription Shares represent (i) approximately 7.93% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 6.3% of the total number of issued Shares as enlarged by the allotment and issue of the Connected Subscription Shares and the Subscription Shares, subject to completion of the Connected Subscription and the Subscription.

The Subscription is subject to various conditions set out below under the heading “Conditions precedent to the Subscription”.

The gross proceeds of the Connected Subscription and the Subscription are expected to be approximately HK\$1,225.9 million in aggregate. After deducting related fees and expenses, the net proceeds of the Connected Subscription and the Subscription will amount to approximately HK\$1,218.2 million. The Company intends to apply the net proceeds for investment in the car parking business and operations and development of the Shougang Park.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Connected Subscription Shares and the Subscription Shares.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, (i) Jingxi Holdings is an indirect wholly-owned subsidiary of Shougang Group, a controlling shareholder of the Company, which is the beneficial owner of 9,833,903,865 Shares, representing approximately 51.856% of the existing total number of issued Shares; and (ii) Rocket Parade is the beneficial owner of 1,900,000,000 Shares, representing approximately 10.019% of the existing total number of issued Shares and hence a substantial shareholder of the Company. As such, both Jingxi Holdings and Rocket Parade are connected persons of the Company under Rule 14A.07(1) of the Listing Rules and the Jingxi Subscription and the Rocket Subscription constitute connected transactions for the Company and are subject to the announcement, reporting and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Company will seek approval from the Independent Shareholders at the GM for the specific mandate relating to allotment and issue of the Connected Subscription Shares, the Connected Subscription, and the transactions contemplated thereunder.

The Subscription is subject to the Shareholders' approval at the GM. The Subscription Shares will be allotted and issued under a specific mandate to allot, issue and deal with the Subscription Shares by an ordinary resolution to be proposed for approval by the Shareholders at the GM. Given that the Connected Subscription Agreements and the Subscription Agreement are inter-conditional, each of Jingxi Holdings and Rocket Parade has material interest in the Subscription. As such, Jingxi Holdings and Rocket Parade and their respective associates will abstain from voting for the resolutions to approve the Subscription Agreement (including the grant of specific mandate) and the transactions contemplated thereunder.

Save for Jingxi Holdings and Rocket Parade and their respective associates, no Shareholder has a material interest in the Jingxi Subscription Agreement, the Rocket Subscription Agreement, the Subscription Agreement and the transactions contemplated thereunder. As such, Jingxi Holdings and Rocket Parade and their respective associates shall abstain from voting for the resolutions to approve the Connected Subscription Agreements (including the grant of specific mandate), the Subscription Agreement and the transaction contemplated thereunder at the GM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Connected Subscription Agreements (including the grant of specific mandate), and the transactions contemplated thereunder. The Company will appoint an independent financial adviser as soon as practicable to advise the Independent Board Committee and the Independent Shareholders in this regard.

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

The Connected Subscription and the Subscription are inter-conditional on each other and shall take place simultaneously.

Completion of the Connected Subscription and the Subscription are subject to the fulfillment of the conditions under the Connected Subscription Agreements and the Subscription Agreement respectively. If the Connected Subscription does not proceed to completion, the Subscription will not take place and vice versa, and both the Connected Subscription Agreements and the Subscription Agreement will terminate in accordance with their respective terms. As the Connected Subscription and the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

(I) CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 24 July 2018, the Company entered into (i) the Jingxi Subscription Agreement with Jingxi Holdings; and (ii) the Rocket Subscription Agreement with Rocket Parade. Pursuant to the Connected Subscription Agreements, the Company has conditionally agreed to allot and issue, and Jingxi Holdings and Rocket Parade have conditionally agreed to subscribe for an aggregate of 3,400,000,000 Connected Subscription Shares under the specific mandate. The Connected Subscription Shares will be issued at the Connected Subscription Price of HK\$0.25 per Connected Subscription Share which is equal to the Subscription Price.

The Jingxi Subscription Agreement

Date

24 July 2018 (after trading hours)

Parties

(A) the Company, as issuer; and

(B) Jingxi Holdings, as subscriber

Jingxi Holdings, which holds 1,791,579,245 Shares representing approximately 9.447% of the total number of issued Shares as at the date of this announcement, is an investment holding company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of Shougang Group, a controlling shareholder of the Company. Shougang Group is a state-owned company established in the PRC.

The Jingxi Subscription

Pursuant to the Jingxi Subscription Agreement, Jingxi Holdings has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 2,800,000,000 new Shares at the Connected Subscription Price of HK\$0.25 per Connected Subscription Share which is equal to the Subscription Price, with an aggregate cash consideration of HK\$700 million.

Jingxi Subscription Shares represent (i) approximately 14.765% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 11.731% of the total number of issued Shares as enlarged by the allotment and issue of the Connected Subscription Shares and the Subscription Shares in aggregate, subject to completion of the Connected Subscription and the Subscription and assuming there will be no other changes in the total number of issued Shares between the date of this announcement and the date of completion of the Connected Subscription and the Subscription.

The Rocket Subscription Agreement

Date

24 July 2018 (after trading hours)

Parties

(A) the Company, as issuer; and

(B) Rocket Parade, as subscriber

Rocket Parade, a substantial shareholder of the Company which holds 1,900,000,000 Shares representing approximately 10.019% of the total number of issued Shares as at the date of this announcement, is an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of NWS Holdings whose shares are listed on the Stock Exchange (stock code: 659). 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.

The Rocket Subscription

Pursuant to the Rocket Subscription Agreement, Rocket Parade has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 600,000,000 new Shares at the Connected Subscription Price of HK\$0.25 per Connected Subscription Share which is equal to the Subscription Price, with an aggregate cash consideration of HK\$150 million.

Rocket Subscription Shares represent (i) approximately 3.164% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 2.514% of the total number of issued Shares as enlarged by the allotment and issue of the Connected Subscription Shares and the Subscription Shares in aggregate, subject to completion of the Connected Subscription and the Subscription and assuming there will be no other changes in the total number of issued Shares between the date of this announcement and the date of completion of the Connected Subscription and the Subscription.

Conditions precedent to the Connected Subscription

Pursuant to the Connected Subscription Agreements, completion of the Connected Subscription is conditional upon the fulfillment (or waiver) of the following conditions:

- (a) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange before completion (save for any temporary suspension or halt in trading pending the release of an announcement or circular in connection with the Connected Subscription Agreements), the Stock Exchange or the SFC not having expressed that it will raise any objection against the listing status of the Shares or require the trading of Shares to be suspended due to the transactions contemplated under the Connected Subscription Agreement or any reasons in connection with the transactions contemplated thereunder;
- (b) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Connected Subscription Shares, and such approval not having been revoked before completion of the Connected Subscription;
- (c) the compliance of any other requirements under the Listing Rules and all applicable laws, rules and regulations by the Company in relation to the Connected Subscription Agreements and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Connected Subscription Shares);

- (d) the Independent Shareholders having passed all necessary resolutions in the GM granting a specific mandate relating to the allotment and issue of the Connected Subscription Shares and approving, among other things, the Connected Subscription Agreements and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Connected Subscription Shares);
- (e) the passing of the resolution(s) by the Shareholders (who are entitled to vote and not required to abstain from voting under the Listing Rules) in the GM approving, among other things, the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Subscription Shares);
- (f) the Board having passed all necessary resolutions in approving the Connected Subscription Agreements and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Connected Subscription Shares);
- (g) the transactions contemplated under the Subscription Agreement and the Jingxi Subscription Agreement (in respect of the Rocket Subscription Agreement only) or the Rocket Subscription Agreement (in respect of the Jingxi Subscription Agreement only) having become unconditional (including but not limited to the subscription of the Subscription Shares and the subscription of the Jingxi Subscription Shares (in respect of the Rocket Subscription Agreement only) or the subscription of the Rocket Subscription Shares (in respect of the Jingxi Subscription Agreement only)); and
- (h) the representations and warranties given by the Company under the Connected Subscription Agreements being true, correct, complete and not misleading when made and remaining true, correct, complete and not misleading as at the completion date of the Connected Subscription Agreements.

The Connected Subscribers may at any time by notice in writing to the Company waive the conditions precedent set out above (save for conditions (b) to (f) which are not waivable). If the above conditions have not been fulfilled or waived (as the case may be) before the Long-Stop Date, the Connected Subscription Agreements will be automatically terminated and lapse, and all rights, obligations and liabilities of the parties thereto will be released, and neither party shall have any claim against the other, save for any antecedent breach of the terms thereof.

Completion of the Connected Subscription

Completion of the Connected Subscription shall take place on the third Business Day upon satisfaction of the conditions set out above, when the Subscription Agreement is completed simultaneously, or such other date as the Company and the Connected Subscribers may agree in writing.

(II) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 24 July 2018, the Company entered into the Subscription Agreement with ORIX Asia, pursuant to which the Company has conditionally agreed to allot and issue, and ORIX Asia has conditionally agreed to subscribe for an aggregate of 1,503,741,731 new Shares. The Subscription Shares will be issued at the Subscription Price of HK\$0.25 per Subscription Share which is equal to the Connected Subscription Price.

The Subscription Agreement

Date

24 July 2018 (after trading hours)

Parties

(A) the Company, as issuer; and

(B) ORIX Asia, as subscriber

ORIX Asia is an investment holding company incorporated in Hong Kong and is a wholly-owned subsidiary of ORIX Corporation, a leading global financial institution which is dual-listed in both New York and Japan. ORIX Asia is a leading principal investment firm focusing on diversified investments including private equity, fund of funds, restructuring of PRC state-owned enterprises and structured financing. Its investment partners are global leading financial institutions and industrial forerunners.

The Subscription

Pursuant to the Subscription Agreement, ORIX Asia has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,503,741,731 new Shares at the Subscription Price of HK\$0.25 per Subscription Share which is equal to the Connected Subscription Price to ORIX Asia, with an aggregate cash consideration of HK\$375,935,433.

The Subscription Shares represent (i) approximately 7.93% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 6.3% of the total number of issued Shares as enlarged by the allotment and issue of the Connected Subscription Shares and the Subscription Shares in aggregate, subject to completion of the Connected Subscription and the Subscription and assuming there will be no other changes in the total number of issued Shares between the date of this announcement and the date of completion of the Connected Subscription and the Subscription.

Conditions precedent to the Subscription

Pursuant to the Subscription Agreement, completion of the Subscription is conditional upon the fulfillment (or waiver in writing) of the following conditions:

- (a) the execution and delivery of the Subscription Agreement by the parties to the Subscription Agreement;
- (b) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange before completion (save for any temporary suspension or halt in trading pending the release of an announcement or circular in connection with the Subscription Agreement), the Stock Exchange or the SFC not having expressed that it will raise any objection against the listing status of the Shares or require the trading of Shares to be suspended due to the transactions contemplated under the Subscription Agreement or any reasons in connection with the transactions contemplated thereunder;
- (c) the Stock Exchange granting the approval for the listing of the Subscription Shares, and such approval not having been revoked before completion of the Subscription;
- (d) there being no action which has been taken and no statute, rule, regulation or order which have been enacted, adopted or issued by any national, provincial or local governmental or regulatory authority that would, as of the completion date of the Subscription, prevent the issuance or sale of the Subscription Shares or the consummation of the transaction contemplated in the Subscription Agreement; and no injunction or order of any national, provincial or local court shall have been issued that would, as of the completion date of the Subscription, prevent the issuance or sale of the Subscription Shares or the consummation of the transaction contemplated thereunder;
- (e) the passing of the resolution(s) by the Independent Shareholders at the GM approving (i) the grant of specific mandate relating to the allotment and issue of the Connected Subscription Shares; and (ii) the Connected Subscription Agreements and the transactions contemplated thereunder;
- (f) Shougang Group holding (whether directly or indirectly), the legal and economic interest of not less than 9,833,903,865 Shares as at the completion date of the Subscription;

- (g) save as disclosed in writing, there not having occurred any material adverse change since 31 December 2017, being the date of the Company's latest annual audited financial statements prior to the date of the Subscription Agreement;
- (h) there not having occurred any breach of, or any event rendering untrue or inaccurate, any of the representations or warranties of the Company pursuant to the Subscription Agreement;
- (i) the Shareholders who are entitled to vote and not required to abstain from voting under the Listing Rules having passed all necessary resolutions in the GM approving, among other things, (i) the grant of specific mandate relating to the allotment and issue of the Subscription Shares; and (ii) the Subscription Agreement and the transactions contemplated thereunder;
- (j) completion of the Connected Subscription having occurred simultaneously; and
- (k) the legal opinion of the Company's Hong Kong legal counsel, issued to ORIX Asia in a form reasonably satisfactory to it on due incorporation, valid issuance of the Subscription Shares, the valid and binding effect and enforceability of the Subscription Agreement, the Stock Exchange's approval of the listing of the Subscription Shares, no litigation and no winding-up or liquidation of the Company or appointment of a receiver on the completion date of the Subscription.

ORIX Asia may waive in whole or in part any of the conditions set out above (other than conditions (c), (e) and (i)) by giving notice in writing to the Company to that effect. If the above conditions have not been fulfilled on or before the Long-Stop Date, the Subscription Agreement may be terminated by either party unless such party is responsible for the failure to fulfill such condition. Upon such termination, the obligations of the parties under the Subscription Agreement will be released, except for any rights or remedies which have accrued prior to such termination.

Completion of the Subscription

Completion of the Subscription is expected to take place on the third Business Day upon which the last of the conditions set out in the Subscription Agreement has been satisfied or waived in writing, when the Connected Subscription Agreements are completed simultaneously, but in any event no later than the Long-Stop Date.

TRANSFER RESTRICTION

Save with the consent from the Company, none of Jingxi Holdings, Rocket Parade and ORIX Asia shall, and shall procure that none of its subsidiaries or companies controlled by it or any nominee or trustee holding in trust for it shall, at any time during the period of six months from the date of completion of the Connected Subscription Agreements or the Subscription Agreement (as the case may be), create or permit to subsist any encumbrance or other security interest whatsoever on or over or in respect of the Jingxi Subscription Shares, the Rocket Subscription Shares or the Subscription Shares (as the case may be) and otherwise dispose of any of the Jingxi Subscription Shares, the Rocket Subscription Shares or the Subscription Shares (as the case may be) or otherwise purport to deal with the beneficial or economic interest therein (including but not limited to its voting rights) or any right relating thereto. In respect of the Jingxi Subscription Agreement and the Rocket Subscription Agreement, any transfer within their respective group shall not be considered as a breach of the terms thereof.

CONNECTED SUBSCRIPTION PRICE AND SUBSCRIPTION PRICE

The Connected Subscription Price of HK\$0.25 per Connected Subscription Share and the Subscription Price of HK\$0.25 per Subscription Share represent:

- (i) a premium of approximately 28.8660% over the closing price of HK\$0.1940 per Share as quoted on the Stock Exchange on the date of the Connected Subscription Agreements and the Subscription Agreement;
- (ii) a premium of approximately 30.2083% over the average closing prices of HK\$0.1920 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Connected Subscription Agreements and the Subscription Agreement; and
- (iii) a premium of approximately 33.0495% over the average closing prices of HK\$0.1879 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Connected Subscription Agreements and the Subscription Agreement.

Taking into account the expenses of the Connected Subscription and the Subscription in the amount of approximately HK\$7.7 million, the net price of each of the Connected Subscription Share and Subscription Share is approximately HK\$0.248. The respective subscription price was arrived at after arm's length negotiations between the Company and each of Jingxi Holdings, Rocket Parade and ORIX Asia with reference to the recent market prices of the Shares, recent trading volume of the Shares and financial and trading prospects of the Group.

The Directors (other than (i) Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang, Mr. Liang Hengyi and Mr. Ho Gilbert Chi Hang who abstained from voting at the relevant Board meeting in respect of the Connected Subscription and the Subscription; and (ii) the independent non-executive Directors who will give their views on the Connected Subscription, the terms of the Connected Subscription Agreements and the transactions contemplated thereunder after taking into account the advice from the independent financial adviser) consider that the Connected Subscription Price and the Subscription Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RANKING OF CONNECTED SUBSCRIPTION SHARES AND SUBSCRIPTION SHARES

The Connected Subscription Shares and the Subscription Shares shall rank, upon issue, *pari passu* in all respects among themselves and with the Shares in issue, and shall be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties and will not be subject to any pre-emptive or similar rights or calls for further payments.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Connected Subscription Shares and the Subscription Shares.

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 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds
8 September 2017	Issue of 8,957,896,227 Shares under the open offer (the “Open Offer”)	Approximately HK\$2,004.5 million	(i) Payment for the consideration and related expenses of the acquisitions; (ii) payment for the committed and unpaid capital in respect of the sale shares; (iii) support of further development of the target companies; (iv) repayment of bank loans; (v) support operations of the trading business; and (vi) future strategic acquisitions complementary to the business of the Group and general working capital and other general corporate purposes. For details, please refer to the Company’s announcement dated 8 September 2017.

As at the date of this announcement, save for about HK\$600 million which has not yet been used, the proceeds from the issue of Shares under the Open Offer have been fully utilized as intended.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 18,963,723,510 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Connected Subscription and the Subscription, assuming that there is no other change to the total number of issued Shares and shareholding structure of the Company from the date of this announcement to the completion date of the Connected Subscription and the Subscription:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Connected Subscription and the Subscription (Note 1)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Shougang Group and its subsidiaries including Jingxi Holdings (an indirect wholly-owned subsidiary of Shougang Group)	9,833,903,865	51.8564	12,633,903,865	52.9336
Rocket Parade	1,900,000,000	10.0191	2,500,000,000	10.4745
ORIX Asia	–	–	1,503,741,731	6.3004
CIMC Transportation	1,047,931,056	5.5260	1,047,931,056	4.3906
Liang Hengyi (Note 2)	500,000	0.0026	500,000	0.0021
Liu Jingwei (Note 2)	500,000	0.0026	500,000	0.0021
Wang Xin (Note 2) together with his spouse	1,200,000	0.0063	1,200,000	0.0050
Other Shareholders	6,179,688,589	32.5870	6,179,688,589	25.8917
Total	18,963,723,510	100.00	23,867,465,241	100.00

Notes:

1. Completion of the Connected Subscription and the Subscription shall take place simultaneously.
2. Directors.

INFORMATION OF THE GROUP

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

REASONS FOR AND BENEFITS OF THE CONNECTED SUBSCRIPTION AND THE SUBSCRIPTION

After the disposal of the Qinhuangdao business at the end of 2016, the Group ended the running of many years of steel business. The Group successfully acquired the equity interest 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.*) and 首中投資管理有限公司(Shouzhong Investment Management Co., Ltd.*). It consolidated the business foundation for the Group by virtue of diversifying its business into private fund management and car park operation in the PRC together with the original trading business of iron ore. At the same time, through investment in two associates listed in Hong Kong, namely, Shougang Fushan Resources Group Limited (stock code: 639) and Shougang Concord Century Holdings Limited (stock code: 103), the businesses of the Group include exploration and sales of hard coking coal and manufacture of steel cord for radial tyres and sawing wires; processing and trading of copper and brass products in the PRC.

The PRC is undergoing urbanization, leading to a significant improvement in living standards and an increasing demand for auto vehicles. This results in business opportunities for car parking business and operations in the PRC. In order to further develop the car parking business and operations of the Group, it is expected that further capital is required for business development such as acquiring additional car parking spaces, entering into long-term leases with car park owners, entering into franchise agreements, construction of parking building and/or co-operation with private corporations, state-owned enterprises and governmental bodies.

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

In preparation for the 2022 Olympic and Paralympic Winter Games (the “**Games**”), Shougang Park seized the opportunity of the moving-in of the Organising Committee for the Games by focusing on building a sports industry demonstration zone of the highest world-class standard based on the construction of winter sports stadium facilities with the strong support from the General Administration of Sports of China. The Company is confident on the long term prospects of Shougang Park and would work closely with Shougang Group to participate in development and management of Shougang Park.

The Directors are of the view that the further development of the car parking business and operations of the Group as well as the participation in development and management of Shougang Park can strengthen the revenue base of the Group.

In response to the funding needs of the Group, the Company considers a number of ways of equity financing, including a rights issue, open offer or placing to institutional investors, which customarily involve the issue of new Shares at a discount to the market price. In contrast, the prices for both of the Connected Subscription Shares and the Subscription Shares have been set at HK\$0.25 per Connected Subscription Share and Subscription Share, representing a premium over prevailing market price of the Shares prior to the Connected Subscription Agreements and the Subscription Agreement. Moreover, it is not required for the Group to retain a portion of its business income for loan repayment under equity financing as compared to debt financing and thus all of its business income can be reinvested and/or used for dividend payment. Accordingly, the Directors (excluding (i) the independent non-executive Directors whose view will be set out in the circular after reviewing and considering the advice from the independent financial adviser; and (ii) Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang, Mr. Liang Hengyi and Mr. Ho Gilbert Chi Hang who abstained from voting at the relevant Board meeting in respect of the Connected Subscription and the Subscription) believe that it is in the interests of the Company and the Shareholders as a whole to proceed with the Connected Subscription and the Subscription.

The Directors (other than (i) Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang, Mr. Liang Hengyi and Mr. Ho Gilbert Chi Hang who abstained from voting at the relevant Board meeting in respect of the Connected Subscription and the Subscription; and (ii) the independent non-executive Directors who will give their views on the Connected Subscription, the terms of the Connected Subscription Agreements and the transactions contemplated thereunder after taking into account the advice from the independent financial adviser) consider the terms of the Connected Subscription Agreements and the Subscription Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors, who have formed the Independent Board Committee, will give their view on the terms of the Connected Subscription after considering the opinion of the independent financial adviser to be set out in the circular.

USE OF PROCEEDS

The gross proceeds of the Connected Subscription and the Subscription are expected to be approximately HK\$1,225.9 million in aggregate. After deducting related fees and expenses, the net proceeds of the Connected Subscription and the Subscription will amount to approximately HK\$1,218.2 million. The Company intends to apply the net proceeds in the following manner:

- (i) the entire net proceeds from Subscription and 50% of the net proceeds from Connected Subscription to invest in the car parking business and operations; and
- (ii) 50% of the net proceeds from Connected Subscription to develop Shougang Park.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, (i) Jingxi Holdings is a subsidiary of Shougang Group, a controlling shareholder of the Company, which is the beneficial owner of 9,833,903,865 Shares, representing approximately 51.856% of the existing total number of issued Shares; and (ii) Rocket Parade is the beneficial owner of 1,900,000,000 Shares, representing approximately 10.019% of the existing total number of issued Shares and hence a substantial shareholder of the Company. As such, both Jingxi Holdings and Rocket Parade are connected persons of the Company under Rule 14A.07(1) of the Listing Rules and the Jingxi Subscription and the Rocket Subscription constitute connected transactions for the Company and are subject to the announcement, reporting and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Company will seek approval from the Independent Shareholders at the GM for the specific mandate relating to allotment and issue of the Connected Subscription Shares, the Connected Subscription Agreements and the transactions contemplated thereunder.

The Subscription is subject to the Shareholders' approval at the GM. The Subscription Shares will be allotted and issued under a specific mandate to allot, issue and deal with the Subscription Shares by an ordinary resolution to be proposed for approval by the Shareholders at the GM. Given that the Connected Subscription Agreements and the Subscription Agreement are inter-conditional, each of Jingxi Holdings and Rocket Parade has material interest in the Subscription. As such, Jingxi Holdings and Rocket Parade and their respective associates will abstain from voting for the resolutions to approve the Subscription Agreement (including the grant of specific mandate) and the transactions contemplated thereunder.

Save for Jingxi Holdings and Rocket Parade and their respective associates, no Shareholder has a material interest in the Jingxi Subscription Agreement, the Rocket Subscription Agreement, the Subscription Agreement and the transactions contemplated thereunder. As such, Jingxi Holdings and Rocket Parade and their respective associates shall abstain from voting for the resolutions to approve the Connected Subscription Agreements, the Subscription Agreement (including the grant of specific mandate) and the transaction contemplated thereunder at the GM.

The Independent Board Committee comprising all the independent non-executive Directors have been formed to advise the Independent Shareholders on the Connected Subscription Agreements (including the grant of specific mandate), and the transactions contemplated thereunder. The Company will appoint an independent financial adviser as soon as practicable to advise the Independent Board Committee and the Independent Shareholders in this regard.

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

The Connected Subscription and the Subscription are inter-conditional on each other and shall take place simultaneously.

Completion of the Connected Subscription and the Subscription are subject to the fulfillment of the conditions under the Connected Subscription Agreements and the Subscription Agreement respectively. If the Connected Subscription does not proceed to completion, the Subscription will not take place and vice versa, and both the Connected Subscription Agreements and the Subscription Agreement will terminate in accordance with their respective terms. As the Connected Subscription and the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CIMC Transportation”	CIMC Transportation Equipment (International) Holdings Limited, a company incorporated in Hong Kong;
“Company”	Shougang Concord International Enterprises Company Limited (stock code: 697), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Connected Subscribers”	collectively, Jingxi Holdings and Rocket Parade;
“Connected Subscription”	collectively, the Jingxi Subscription and the Rocket Subscription;
“Connected Subscription Agreements”	collectively, the Jingxi Subscription Agreement and the Rocket Subscription Agreement;
“Connected Subscription Price”	HK\$0.25 per Connected Subscription Share, which is the same as the Subscription Price;
“Connected Subscription Shares”	collectively, the Jingxi Subscription Shares and the Rocket Subscription Shares;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“GM”	a general meeting to be held by the Company to, among others, grant the specific mandate to the Directors, and approve the Connected Subscription Agreements, the Subscription Agreement and the transactions contemplated thereunder;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent Board committee comprising all independent non-executive Directors, which has been formed to advise the Independent Shareholders on the Connected Subscription Agreements and transactions contemplated thereunder;
“Independent Shareholders”	Shareholders of the Company other than Jingxi Holdings and Rocket Parade and their respective associates;
“Jingxi Holdings”	Jingxi Holdings Limited, a company incorporated in Hong Kong, which is an indirect wholly-owned subsidiary of Shougang Group;

“Jingxi Subscription”	subscription of the Jingxi Subscription Shares by Jingxi Holdings pursuant to the Jingxi Subscription Agreement;
“Jingxi Subscription Agreement”	a conditional subscription agreement entered into between the Company and Jingxi Holdings on 24 July 2018 in respect of the subscription of the Jingxi Subscription Shares by Jingxi Holdings;
“Jingxi Subscription Shares”	2,800,000,000 new Shares to be allotted and issued to Jingxi Holdings pursuant to the Jingxi Subscription Agreement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Long-Stop Date”	the date falling six months after the date of the Jingxi Subscription Agreement, the Rocket Subscription Agreement and the Subscription Agreement, or such later date as the parties thereto may agree;
“NWS Group”	NWS Holdings Limited together with its subsidiaries;
“NWS Holdings”	NWS Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 659), which is a substantial shareholder of the Company;
“ORIX Asia”	ORIX Asia Capital Limited, a company incorporated in Hong Kong;
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Rocket Parade”	Rocket Parade Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of NWS Holdings, which is a substantial shareholder of the Company;
“Rocket Subscription”	subscription of the Rocket Subscription Shares by Rocket Parade pursuant to the Rocket Subscription Agreement;

“Rocket Subscription Agreement”	a conditional subscription agreement entered into between the Company and Rocket Parade on 24 July 2018 in respect of the subscription of the Rocket Subscription Shares by Rocket Parade;
“Rocket Subscription Shares”	600,000,000 new Shares to be allotted and issued to Rocket Parade pursuant to the Rocket Subscription Agreement;
“SFC”	the Securities and Futures Commission;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Shougang Group”	首鋼集團有限公司(Shougang Group Co., Ltd.*), a state-owned company established in the PRC, the controlling shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	subscription of the Subscription Shares by ORIX Asia pursuant to the Subscription Agreement;
“Subscription Agreement”	a conditional subscription agreement entered into between the Company and ORIX Asia on 24 July 2018 in respect of the subscription of the Subscription Shares by ORIX Asia;
“Subscription Price”	HK\$0.25 per Subscription Share, which is the same as the Connected Subscription Price;
“Subscription Shares”	1,503,741,731 new Shares to be allotted and issued to ORIX Asia pursuant to the Subscription Agreement;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 24 July 2018

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Li Shaofeng (Vice Chairman), Mr. Xu Liang and Mr. Liang Hengyi (Managing Director) as Executive Directors; Dr. Li Yinhui, Mr. Liu Jingwei and Mr. Ho Gilbert Chi Hang as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao and Ms. Zhang Quanling as Independent Non-executive Directors.

** for identification purpose only*