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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)

CONNECTED TRANSACTION

On 12 February 2018, Jingji Capital, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with, among others, Shougang Fund for the establishment of the Partnership for investment in the Development Zone.

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 65.5% of the total number of Shares in issue as at the date of this announcement and is a substantial shareholder and a connected person of the Company. Shougang Fund through its wholly-owned subsidiary is also interested in 10% of the total number of Shares in issue and is also a substantial shareholder and a connected person of the Company. The entering into of the Partnership Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Company's capital commitment under the Partnership Agreement are more than 0.1% but less than 5%, the entering into of the Partnership Agreement is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE PARTNERSHIP AGREEMENT

On 12 February 2018, Jingji Capital, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Shougang Fund, Caofeidian Financial Development and China Merchants Assets Management for the establishment of the Partnership.

Shougang Fund is principally engaged in investment, management and advisory of non-securities businesses. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 65.5% of the total number of Shares in issue as at the date of this announcement and is a substantial shareholder and a connected person of the Company. Shougang Fund through its wholly-owned subsidiary is also interested in 10% of the total number of Shares in issue and is also a substantial shareholder and a connected person of the Company.

Caofeidian Financial Development is principally engaged in the businesses of equity investment, investment consulting and enterprises management, and China Merchants Assets Management is a securities asset management company. Each of Caofeidian Financial Development and China Merchants Assets Management is independent of and not connected with the Company and its connected persons.

Establishment of the Partnership

Under the terms of the Partnership Agreement, the parties have agreed to establish the Partnership for a term of eight years.

The Partnership will engage in equity investments and other investments as permitted by law with a focus on investing in infrastructure development projects and related services in the Development Zone, and in industries relocating from Beijing in sectors encouraged by the PRC government and in line with the investment requirements of Shougang Fund.

Capital contribution to the Partnership

The total capital contribution to the Partnership will be RMB1,000 million and will be contributed by the parties in the following manner:

	Amount to be contributed <i>RMB</i>	Percentage interest in the Partnership	Nature of holding
Jingji Capital	10,000,000	1%	general partner
Shougang Fund	290,000,000	29%	limited partner
Caofeidian Financial Development	200,000,000	20%	limited partner
China Merchants Assets Management	500,000,000	50%	limited partner
Total	<u>1,000,000,000</u>	<u>100%</u>	

Jingji Capital will have the sole right to determine the introduction of new investors to the Partnership within 24 months from the date of the first capital contribution to the Partnership.

Management of the Partnership

The general partner of the Partnership is Jingji Capital. Jingji Capital will be responsible for the management and operation of the Partnership. Jingji Capital will also be the fund manager and will enter into a separate fund management agreement with the Partnership.

The Partnership has authorized Jingji Capital as the general partner to set up an investment committee to be responsible for all investment decisions of the Partnership. The investment committee will comprise of seven members, all of which will be appointed by Jingji Capital. Of the members of the investment committee, Jingji Capital has the right to nominate five members, and each of Caofeidian Financial Development and China Merchants Assets Management has the right to nominate one member.

Management fee

In consideration of Jingji Capital acting as the general partner and fund manager of the Partnership, the Partnership will pay Jingji Capital:

- (i) an annual management fee of 1.5% of the actual amount invested by each partner in the project from the date of investment in the project until the date of withdrawal from the project by the relevant partner; and

- (ii) thereafter, the annual management fee will be calculated at 1.5% of the difference between the actual investment made by a partner in the project and the distribution by the Partnership to the said partner.

Upon the investment project becoming profitable, the management fee will be paid to Jingji Capital prior to any distribution to the partners.

REASON FOR THE PARTNERSHIP

The Group is principally engaged in (i) trading of iron ore, steel and related products; (ii) the business of car parking system and services in the PRC with a focus on smart car parking system; and (iii) the business of provision of private fund management services in the PRC. In late 2016, the Company disposed of its loss-making steel mills and related businesses in Qinhuangdao City, Hebei Province, the PRC. Since the disposal of such businesses, the Company has been exploring new business opportunities and on 8 September 2017, the Group entered into agreements with Shougang Fund to acquire, among others, 95% equity interest in Jingji Capital. At the end of December 2017, the Group further acquired 5% equity interest in Jingji Capital from an independent third party and Jingji Capital became a wholly-owned subsidiary of the Company.

Jingji Capital is principally engaged in the provision of private fund management services in the PRC.

Since its establishment, Jingji Capital, a wholly-owned subsidiary of the Company, has actively implemented the strategy of coordinated development of the Beijing-Tianjin-Hebei area. Based on its rich experience in fund management, it has attracted Caofeidian Financial Development, representing the local state-owned enterprises, and China Merchants Assets Management, representing professional financial institutions, to co-sponsor the establishment of the Partnership. The establishment of the Partnership will play a positive role in furthering the fund management business of Jingji Capital and expanding its investment influence in Beijing, Tianjin and Hebei Province.

The entering into of the Partnership Agreement is in the ordinary and usual course of business of Jingji Capital. At the Board meeting held to approve the establishment of the Partnership and the Partnership Agreement, Mr. Li Shaofeng and Mr. Shu Hong might be considered to be interested in the transactions under the Partnership Agreement and had abstained from voting in respect of the resolutions proposed to approve the establishment of the Partnership and the Partnership Agreement. Other Directors, (including the independent non-executive Directors) considered that the Partnership Agreement has been entered into on normal commercial terms, such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the establishment of the Partnership is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 65.5% of the total number of Shares in issue as at the date of this announcement and is a substantial shareholder and a connected person of the Company. Shougang Fund through its wholly-owned subsidiary is also interested in 10% of the total number of Shares in issue and is also a substantial shareholder and a connected person of the Company. The entering into of the Partnership Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Company's capital commitment under the Partnership Agreement are more than 0.1% but less than 5%, the entering into of the Partnership Agreement is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“Caofeidian Financial Development”	曹妃甸金融發展集團有限公司 (Caofeidian Financial Development Group Co., Ltd.*), a limited liability company established in the PRC;
“China Merchants Assets Management”	招商證券資產管理有限公司 (China Merchants Securities Assets Management Co., Ltd.*), an assets management company established in the PRC;
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Development Zone”	京冀曹妃甸協同發展示範區 (Beijing-Hebei Caofeidian Co-development Exhibition Zone*);
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special administrative Region of the PRC;
“Jingji Capital”	京冀協同發展示範區（唐山）基金管理有限公司 (Beijing-Hebei Co-development Exhibition Zone (Tangshan) Fund Management Co., Ltd.*), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Partnership”	the partnership (proposed name: 京冀曹妃甸協同發展示範區基金一期 (Beijing-Hebei Caofeidian Co-development Exhibition Zone Fund I*)) to be established in the PRC pursuant to the terms of the Partnership Agreement;
“Partnership Agreement”	the agreement dated 12 February 2018 between Jingji Capital, Shougang Fund, Caofeidian Financial Development and China Merchants Assets Management in relation to the establishment of the Partnership;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan;
“Shares”	ordinary shares of the Company;

“Shareholder(s)”	holder(s) of the Shares;
“Shougang Fund”	北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd.*), a limited liability company established in the PRC;
“Shougang Group”	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a solely stated-owned enterprise established in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	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

12 February 2018

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Li Shaofeng (Vice Chairman), Mr. Liang Hengyi (Managing Director), Mr. Shu Hong (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Liu Jingwei (Non-executive Director), Dr. Li Yinhui (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director) and Ms. Zhang Quanling (Independent Non-executive Director).

** for identification purpose only*