

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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

DISCLOSEABLE TRANSACTION

THE ACQUISITION

On 12 March 2018, the Company and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with CIMC Transportation pursuant to which the Purchaser will acquire from CIMC Transportation the Equity Interest for the consideration of RMB209,884,269. The Equity Interest represents 44.94382% of the registered capital of Shouzhong Investment.

Shouzhong Investment is principally engaged in the business of car parking facilities investment and operation in the PRC. Shouzhong Investment is currently owned as to 44.94382% by the Group. After completion of the Acquisition, Shouzhong Investment will be owned as to 89.88764% by the Group and Shouzhong Investment will remain as a non-wholly owned subsidiary of the Company.

The consideration for the Acquisition in the amount of RMB209,884,269 will be settled by the Company issuing to CIMC Transportation or its designated person(s) an aggregate of 1,047,931,056 new Shares at the issue price of HK\$0.2475 per Share. Upon Completion, CIMC Group through CIMC Transportation (or its designated person(s)) will become a shareholder of the Company holding over 5% interest in the Company, which will benefit the Company's further development through the diversification of shareholder structure. This fully demonstrates CIMC Group's confidence, as a strategic partner of Shougang Group, to the future development of the Company.

LISTING RULES IMPLICATIONS

Shouzhong Investment is currently owned as to 44.94382% by the Group. As the Group has the right to nominate the majority of the directors to the board of directors of Shouzhong Investment, Shouzhong Investment is accounted as a non wholly-owned subsidiary of the Group. As Shouzhong Investment is an “insignificant subsidiary” of the Company under Rule 14A.09(1) of the Listing Rules, CIMC Transportation is therefore not a connected person of the Company at the subsidiary level and the Acquisition will not be considered as a connected transaction of the Company for the purpose of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Rule 14.33 of the Listing Rules.

THE ACQUISITION

On 12 March 2018, the Company and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with CIMC Transportation pursuant to which the Purchaser will acquire from CIMC Transportation the Equity Interest.

Shouzhong Investment is currently owned as to 44.94382% by the Group. Upon completion of the Acquisition, the Group will be interested in 89.88764% of the registered capital of Shouzhong Investment and the balance of the registered capital of Shouzhong Investment will be owned as to 10.11236% by Beijing Jianshi Tongxin Management Consultancy Centre* (北京堅石同心管理諮詢中心), an independent third party not connected with the Company and its connected persons.

Consideration

The consideration for the Acquisition is RMB209,884,269. The consideration was determined after arm’s length negotiations between the parties taking into consideration among other things, (i) the amount of registered capital in Shouzhong Investment attributable to the Equity Interest, (ii) the current operations of Shouzhong Investment, (iii) the additional control in Shouzhong Investment accorded to the Group with the additional interest, and (iv) the prospect of the car parking market in the PRC. The consideration will be satisfied by the Group through the issue of the Consideration Shares to CIMC Transportation or its designated person(s) at Completion.

Consideration Shares

An aggregate of 1,047,931,056 Shares will be issued to CIMC Transportation or its designated person(s) to satisfy the consideration. The Consideration Shares represent (i) approximately 5.849% of the total number of Shares of the Company currently in issue, and (ii) approximately 5.526% of the total number of issued Shares of the Company as enlarged by the issue of the Consideration Shares.

Based on the closing price of the Shares of HK\$0.242 per Share on 12 March 2018, the date of the Agreement, the Consideration Shares have a market value of approximately HK\$253.6 million.

The Consideration Shares will be issued under the general mandate to issue and deal in Shares granted by the Shareholders to the Directors at the annual general meeting of the Company held on 26 May 2017. At the annual general meeting of the Company held on 26 May 2017, the Directors were granted authority to issue up to 1,791,579,245 Shares, representing 20% of the total number of Shares in issue as at the date of the annual general meeting. The Company has not issued any Shares pursuant to such general mandate. After the issue of the Consideration Shares, the Company will have unused general mandate to issue up to 743,648,189 Shares.

An application will be made to the listing committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Consideration Shares.

Issue Price

The Issue Price of HK\$0.2475 per Consideration Share was arrived at after arm's length negotiations between the parties with reference to the prevailing market price of the Shares.

The Issue Price represents:

- (i) a premium of approximately 2.27% to the closing price of HK\$0.242 per Share as quoted on the Stock Exchange on 12 March 2018, the date of the Agreement;
- (ii) a premium of approximately 8.55% to the average closing price of HK\$0.228 per Share as quoted on the Stock Exchange for the last five trading days up to and including 9 March 2018, the date immediately preceding the date of the Agreement; and
- (iii) a premium of approximately 5.50% to the average closing price of HK\$0.2346 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 9 March 2018, the date immediately preceding the date of the Agreement.

Given that the Issue Price was set at a premium to the market price of the Shares, the Directors consider that the Issue Price is fair and reasonable under the present market conditions.

Ranking of the Consideration Shares

The Consideration Shares will rank pari passu in all respects with the Shares in issue on the date of issue of the Consideration Shares, including the right to any dividends or distribution declared on or after the date of the issue.

Change in the shareholding structure of the Company

Assuming there is no change to the total number of issued shares of the Company between the date of the Agreement and the issue of the Consideration Shares, the effect on the shareholding structure of the Company as a result of the issue of the Consideration Shares will be as follows:

Shareholders	Shareholding as at the date of this announcement		Shareholding after completion of the issue of the Consideration Shares	
	<i>Shares</i>	<i>% of shareholding</i>	<i>Shares</i>	<i>% of shareholding</i>
Shougang Group and its subsidiaries	11,733,903,865	65.495	11,733,903,865	61.876
CIMC Transportation or its designated person(s)	–	0	1,047,931,056	5.526
Other shareholders	6,181,888,589	34.505	6,181,888,589	32.598
Total	<u>17,915,792,454</u>	<u>100.00%</u>	<u>18,963,723,510</u>	<u>100.00%</u>

Conditions Precedent

Completion will be conditional upon the satisfaction of the following conditions:

- (a) the Company having complied with the requirements of the Listing Rules in respect of the Acquisition, including where necessary, obtaining the approval of the Shareholders with regard to the Acquisition;
- (b) the listing committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares;
- (c) the transfer of the Equity Interest in Shouzhong Investment having obtained the approval from, registration or filing with, the relevant examination and approval authority; and
- (d) the warranties provided by CIMC Transportation under the Agreement remaining true, accurate and not misleading in any respect.

The Purchaser has the right to waive condition (d) above. If the above conditions are not fulfilled (or waived in respect of condition (d)) by 30 April 2018 or such later date as the parties may otherwise agree, the Agreement will become null and void and cease to have any further effect save for any antecedent breach.

INFORMATION ON SHOZHONG INVESTMENT

Shouzhong Investment is principally engaged in the business of car parking facilities investment and operation in the PRC with a focus on public car parks with high traffic flow such as airports, railway stations and hospitals. Shouzhong Investment provides a full range of services involving the design, architecture, operation management of smart car parking facilities and provision of integrated or customized solutions and services.

Shouzhong Investment's business strategy is to further develop its business by acquisition of car parking spaces, entering into long-term leases with car park owners, entering into franchise agreements and/or co-operation with private corporations, state-owned enterprises and governmental bodies. As at the date of the announcement, over 10,000 car parking spaces are operated under Shouzhong Investment, its subsidiaries and joint venture(s).

For projects with large transportation junctions, in March 2017, Beijing Shouzhong Car Parking Management Company Limited* (北京首中停車管理有限公司) (“BSCMCL”), a company owned as to 48.125% by Shouzhong Investment entered into a car park complex operating right transfer agreement with Capital Airport Holding Company* (首都機場集團公司) in relation to the transfer of the operation rights for a term of 20 years with an option to extend for a further 5 years, pursuant to which BSCMCL will provide car parking management services to the new airport in Beijing. As at the date of the announcement, the site is currently under construction and it is expected to commence business in the fourth quarter of 2019. Moreover, Shouzhong Investment obtained the 5-year operating rights of Shanghai Hongqiao Airport P1 car parking management services, which contains approximately 1,200 parking spaces. Based on the management experience of other similar airport parking lot and the situation of Hongqiao P1 parking lot, it is expected that the parking business will gradually cover basic parking business, valet parking business, airport pickup & drop-off business, new energy charging pile business and etc.. In relation to the business, Shouzhong Investment has negotiated with relevant companies and platforms for the cooperation preliminarily. Considering the facts, the operating revenue of the Company is expected to improve steadily when these new businesses start operation and the utilization rate of parking spaces increases in the foreseeable future. As at the date of this announcement, the daily revenue of Hongqiao P1 parking lot is approximately RMB47,600 on average, increased by 16.5% compared to the initial operation figure, with average daily parking of approximately 4,770 cars.

For the project with hospitals, Shouzhong Investment through acquired Beijing Lu Tong Shun Jie Car Parking Management Company Limited* (北京路通順捷停車場管理有限公司) and obtained the operating rights of China-Japan Friendship Hospital* (北京中日友好醫院) parking lot, with about 780 parking spaces, and of Beijing Wangjing Hospital* (北京望京醫院) parking lot, with about 380 parking spaces. Compared to other car parking lot, the ones in hospitals are proved to have large traffic flow, high turnover rate and high charging fees, therefore these two projects are expected to generate stable and positive cash inflow for Shouzhong Investment. As at the date of this announcement, the average daily revenue of China-Japan Friendship Hospital* (北京中日友好醫院) parking lot is approximately RMB12,000, with turnover rate of approximately 7.1, and daily parking of approximately 2,400 cars on average. The average daily revenue of Beijing Wangjing Hospital* (北京望京醫院) parking lot is approximately RMB8,800, with turnover rate of approximately 4 and daily parking of approximately 1,500 cars on average.

For projects in city's commercial business district, Shouzhong Investment obtained the operating rights for approximately 480 parking spaces of Beijing Shuangqiao Jule Plaza* (北京雙橋聚樂匯廣場), a large scale shopping mall in Beijing, underground parking lot. Shouzhong Investment successfully obtained the property rights of Chengdu Star Space* (成都星空間) underground parking lot, operating about 1,400 parking spaces. Through the project of Chengdu Star Space* (成都星空間), Shouzhong Investment successfully entered into the southeast market. With the support of national development policy, Chengdu's economy develops rapidly and Chengdu will become the transportation hub in the west of China. The car parking market is full of vitality. Chengdu Star Space* (成都星空間) is located in the Central Business District in Chengdu Tianfu New Area, with large traffic flow due to the high density of shopping malls and office buildings. It is anticipated that the revenue will keep growing in the coming years.

For the projects on roadside, Shouzhong Investment and Beijing Desheng Sub-district Office* (北京德勝街辦事處) jointly developed the first car parking shared platform in Beijing, "Desheng Shared Parking" APP. Desheng shared car parking platform is designed to solve the worsen traffic problem, which is due to the co-existence of residential and commercial used buildings in Desheng sub-district. Shared parking management platform revitalizes the existing car parking spaces, and take advantage of utilization rate difference between working hours and non-working hours for residential parking spaces. The residential parking spaces information is accessed by society cars through the platform to share the parking resources. Shared parking system can achieve a win-win situation among society, enterprises and residents, promote the sustainable development of urban transportation and improve the image of the city governance.

Shouzhong Investment will continue to strengthen the car parking business in Beijing and expand its business into other first and second tier cities in the PRC and/or other countries.

The unaudited consolidated net asset value of Shouzhong Investment was approximately RMB363 million as at 31 January 2018. The consolidated financial results of Shouzhong Investment for the period from 26 May 2016 (the date of incorporation) to 31 December 2016 (audited) and the year ended 31 December 2017 (unaudited) are as follows:

	For the period from 26 May 2016 (the date of incorporation) to 31 December 2016 (audited) RMB'000	For the year ended 31 December 2017 (unaudited) RMB'000
(Loss) before tax	(5,578.69)	(23,088.13)
(Loss) after tax	(5,578.69)	(23,123.17)
(Loss) attributable to the owners of Shouzhong Investment	(5,578.69)	(22,966.64)

Upon Completion, the Group's interest in Shouzhong Investment will increase from 44.94382% to 89.88764%. Accordingly, Shouzhong Investment will remain as a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated into the consolidated financial statements of the Company.

REASONS FOR THE ACQUISITION

The Group is principally engaged in (i) trading of iron ore, steel and related products; (ii) the business of car parking facilities and investment operation in the PRC with a focus on smart car parking market; 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 to support the development of the Group. In December 2017, the Group respectively acquired 40% of Shouzhong Investment and all of the equity interest in Sonic Victory Limited, which holds 4.94382% of the registered capital in Shouzhong Investment.

The Acquisition of the Equity Interest will further reinforce the control of the Group in Shouzhong Investment and enabling the Group to map its future development. Upon Completion, CIMC Group through CIMC Transportation (or its designated person(s)) will become a shareholder of the Company holding over 5% interest in the Company, which will benefit the Company's further development through the diversification of shareholder structure. This fully demonstrates CIMC Group's confidence, as a strategic partner of Shougang Group, to the future development of the Company.

The Directors (including the independent non-executive Directors) consider that the Agreement was concluded after arm's length negotiations under normal commercial terms. The Directors also consider that the terms of Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Dr. Li Yinhui, a non-executive Director, holds management position at CIMC Group and has abstained from voting for the resolution in relation to the Acquisition at the Board meeting held to approve the transactions contemplated under the Agreement.

INFORMATION ON THE PARTIES

The Purchaser is a company incorporated in Hong Kong and is principally engaged in the business of investment holding.

CIMC Transportation is a company incorporated in Hong Kong and is principally engaged in the business of investment holding. It is a wholly-owned subsidiary of CIMC Group.

LISTING RULES IMPLICATIONS

Shouzhong Investment is currently owned as to 44.94382% by the Group. As the Group has the right to nominate the majority of the directors to the board of directors of Shouzhong Investment, Shouzhong Investment is accounted as a non wholly-owned subsidiary of the Group. As Shouzhong Investment is an “insignificant subsidiary” of the Company under Rule 14A.09(1) of the Listing Rules, CIMC Transportation is therefore not a connected person of the Company at the subsidiary level and the Acquisition will not be considered as a connected transaction of the Company for the purpose of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Rule 14.33 of the Listing Rules.

GENERAL

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent set out in the Agreement and therefore may or may not occur. As the Acquisition may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Equity Interest as contemplated under the Agreement;
“Agreement”	the agreement dated 12 March 2018 between the Company, the Purchaser and CIMC Transportation in relation to the Acquisition;
“Board”	the board of directors of the Company;
“CIMC Group”	China International Marine Containers (Group) Co., Ltd., a joint stock company incorporated in the PRC, the A shares and H shares of which are listed on the Shenzhen Stock Exchange (stock code: 000039) and the main board of the Stock Exchange (stock code:2039), respectively;
“CIMC Transportation”	CIMC Transportation Equipment (International) Holdings Limited, a company incorporated in Hong Kong;

“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;
“Completion”	completion of the transactions contemplated under the Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration Shares”	an aggregate of 1,047,931,056 Shares to be issued by the Company to CIMC Transportation or its designated person to satisfy the consideration for the Acquisition;
“Director(s)”	the director(s) of the Company;
“Equity Interest”	44.94382% in the registered capital of Shouzhong Investment;
“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;
“Issue Price”	HK\$0.2475 per Share;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“Purchaser”	Shouzhong (Hong Kong) Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Shougang Group”	Shougang Group Co., Ltd.* (首鋼集團有限公司), a solely state-owned company established in the PRC, the substantial shareholder of the company;

“Shouzhong Investment”	Shouzhong Investment Management Co., Ltd.* (首中投資管理有限公司), a limited liability company established in the PRC, which is currently owned as to 40% by the Purchaser and is accounted as a non-wholly owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

Unless otherwise specified in this announcement, translations of RMB into HK\$ is made in this announcement, for illustration only, at the rate of HK\$1.00 to RMB0.80923. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

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

12 March 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*