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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)

- (1) ACQUISITIONS – DISCLOSEABLE AND CONNECTED TRANSACTIONS;**
(2) OPEN OFFER ON THE BASIS OF ONE OPEN OFFER SHARE FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK\$0.225 PER OPEN OFFER SHARE;
(3) UNDERWRITING OF THE OPEN OFFER – EXEMPTED CONNECTED TRANSACTION;
AND
(4) POSSIBLE CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION OF THE FIRST ACQUISITION

THE ACQUISITIONS

The First Acquisition

On 8 September 2017, the First Purchaser entered into the First Agreement with Shougang Fund under which the First Purchaser agreed to acquire the First Sale Shares for RMB231,135,000 and to inject RMB32,300,000 into the First Target Company as committed and unpaid capital for the First Sale Shares. The First Sale Shares represent 95% of the equity interest in the First Target Company. The First Target Company is a limited liability company which is principally engaged in the business of the provision of private fund management services in the PRC. Upon completion of the First Acquisition, the First Target Company will become a non-wholly owned subsidiary of the Company.

The Second Acquisition

On 8 September 2017, the Second Purchaser entered into the Second Agreement with Shougang Fund under which the Second Purchaser agreed to acquire the Second Sale Shares for RMB115,597,000 and to inject RMB71,200,000 into the Second Target Company as committed and unpaid capital for the Second Sale Shares. The Second Sale Shares represent 40% of the equity interest in the Second Target Company. The Second Target Company is a limited liability company which is engaged in the business of car parking system and services in the PRC with a focus on smart car parking system. Upon completion of the Second Acquisition, the Second Purchaser will be interested in 40% of the equity interest in the Second Target Company and will have the right to nominate three out of the five members of the board of directors of the Second Target Company. As such, the Group will have control over the board of directors of the Second Target Company and the Second Target Company will be accounted as a non-wholly owned subsidiary of the Company.

THE OPEN OFFER

The Company proposes to issue 8,957,896,227 Open Offer Shares at the Subscription Price of HK\$0.225 per Open Offer Share on the basis of one (1) Open Offer Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date and payable in full upon application.

Subject to the terms and conditions of the Underwriting Agreement, the Open Offer will be fully underwritten by the Underwriter.

The Subscription Price of HK\$0.225 per Open Offer Share represents (i) a discount of approximately 21.05% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 22.95% to the average closing price of HK\$0.292 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

Assuming that there is no change in the total number of Shares in issue from the date of this announcement up to the Record Date, the 8,957,896,227 Open Offer Shares that will be allotted and issued pursuant to the Open Offer represent (i) 100% of the Company's total number of Shares in issue as at the date of this announcement; and (ii) 50% of the Company's total number of Shares in issue as enlarged by the allotment and issue of the 8,957,896,227 Open Offer Shares immediately after completion of the Open Offer.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Open Offer Shares.

To qualify for the Open Offer, the Shareholders must (i) be registered on the register of members of the Company at the close of business on the Record Date; and (ii) not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company prior to the close of business on the Record Date for the Open Offer, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Tuesday, 17 October 2017.

For further details of the trading arrangements, please refer to the section headed "Expected Timetable" below.

USE OF PROCEEDS

The gross proceeds from the Open Offer will be approximately HK\$2,015.5 million before expenses. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be approximately HK\$2,004.5 million.

The Company currently intends to use the proceeds from the Open Offer as to (i) approximately 21% for the satisfaction of the consideration and related expenses for the Acquisitions; (ii) approximately 6% to pay for the committed and unpaid capital in respect of the First Sale Shares and the Second Sale Shares; (iii) approximately 20% to support the future development of the First Target Company and the Second Target Company; (iv) approximately 23% to repay the existing bank loans of the Group; (v) approximately 15% to support the existing operation of the trading business; and (vi) approximately 15% for general working capital and future strategic acquisitions complementary to the businesses of the Group.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Before the date of the First Agreement, the First Target Company or its subsidiaries have entered into the Partnership Agreements with, among others, Shougang Fund and/or its associates which are connected persons of the Company for the establishment and regulation of the partnerships. The First Target Company or its subsidiaries shall provide private fund management services to such partnerships as a general partner or private fund manager. If any such partnership is an associate of Shougang Fund, such partnership will become a connected person of the Company upon completion of the First Acquisition. The provision of the private fund management services by the First Target Company or its subsidiaries to such partnerships under the Partnership Agreements will therefore constitute continuing connected transactions of the Company under the Listing Rules upon completion of the First Acquisition.

Furthermore, in contemplation of the First Target Company or its subsidiaries continuing to provide private fund management services to any new partnerships or entities (being associates of Shougang Fund) after completion of the First Acquisition, the Company and Shougang Fund have entered into the Master Agreement, which would become effective upon completion of the First Acquisition.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisitions

Chapter 14 of the Listing Rules

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions are over 5% but less than 25%, the Acquisitions constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Chapter 14A of the Listing Rules

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group is the holding company of Shougang Holding which in turn is the controlling shareholder of the Company. Accordingly, Shougang Fund is an associate of Shougang Holding and hence a connected person of the Company. The Acquisitions constitute connected transactions for the Company which are subject to the reporting, announcement and independent shareholders' approval.

The Open Offer

The Open Offer will increase the number of issued shares of the Company by more than 50%. The Open Offer is conditional on, amongst other things, the relevant resolutions being approved by the Independent Shareholders at the GM in compliance with Rule 7.24(5) of the Listing Rules. As Shareholders will not be entitled to subscribe for any Open Offer Shares in excess of their respective entitlements, the absence of application for excess Open Offer Shares requires Independent Shareholders' approval at the GM in compliance with Rule 7.26A(2) of the Listing Rules.

The Open Offer is underwritten by Shougang Holding, the controlling shareholder of the Company. As the commission to be received by Shougang Holding under the Open Offer will be below 5% of each of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the commission to be received by Shougang Holding under the Underwriting Agreement is a connected transaction under Rule 14A.76(2) of the Listing Rules and is exempt from the circular and shareholders' approval requirements.

Possible Continuing Connected Transactions

Existing transactions under the Partnership Agreements

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements if the Group continues to provide private fund management services to the partnerships under the Partnership Agreements after completion of the First Acquisition. When any of the Partnership Agreements is renewed or its terms are varied after completion of the First Acquisition, the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules.

The Master Agreement

The transactions contemplated under the Master Agreement will become continuing connected transactions for the Company upon completion of the First Acquisition. As the service fee under the Master Agreement is expected to be over 5% of the applicable percentage ratios under Rule 14.07 of the Listing Rules on an annual basis, the Master Agreement will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An independent board committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders as to whether the terms of the Acquisitions, the Open Offer and the Continuing Connected Transactions are fair and reasonable and as to voting in respect thereof at the GM. Astrum Capital Management Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the Acquisitions, the Open Offer and the Continuing Connected Transactions; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Acquisitions, the Open Offer and the Continuing Connected Transactions; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Acquisitions, the Open Offer and the Continuing Connected Transactions; and (iv) the notice convening the GM, will be despatched to the Shareholders on or before Monday, 25 September 2017.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that each of the Acquisitions, the Open Offer and the Continuing Connected Transactions is subject to the satisfaction of the conditions precedent or waiver thereof. Accordingly, each of the Acquisitions, the Open Offer and the Continuing Connected Transactions may or may not proceed.

Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE ACQUISITIONS

The First Acquisition

On 8 September 2017, the First Purchaser, a wholly-owned subsidiary of the Company, and Shougang Fund entered into the First Agreement in respect of the First Acquisition. The principal terms of the First Agreement are set out below.

Subject matter

The First Purchaser will acquire from Shougang Fund the First Sale Shares. The First Sale Shares represent 95% of the equity capital of the First Target Company.

Consideration

The consideration for the acquisition of the First Sale Shares is RMB231,135,000 (equivalent to approximately HK\$277,096,195), which was determined after arm's length negotiations with reference to the preliminary valuation of 95% of the equity interest in the First Target Company as at 31 July 2017 determined by an independent valuer by using market approach.

The consideration will be settled by the First Purchaser in cash at completion of the First Acquisition.

Committed capital injection

The First Purchaser has also agreed to inject RMB32,300,000 in cash into the First Target Company as committed and unpaid capital for the First Sale Shares.

Conditions precedent

Completion of the First Acquisition is conditional upon:

- (a) the First Purchaser being satisfied with the due diligence results on the First Target Company, its subsidiaries and partnerships;
- (b) the Independent Shareholders having approved at the GM the First Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules;
- (c) the receipt of all necessary approvals, consents, filings and waivers (if applicable) from government authorities or other third parties in relation to the First Agreement and the transactions contemplated thereunder, including but not limited to competent department of the Ministry of Commerce and registration authorities;
- (d) completion of the Open Offer, that is when all the Open Offer Shares having been allotted;

- (e) the warranties under the First Agreement remaining true and accurate, and not misleading in material respect and Shougang Fund having discharged all of its obligations to be carried out before completion of the First Acquisition under the First Agreement; and
- (f) there have not occurred any material adverse effect on the business, financial and operation conditions of the First Target Company or otherwise on the First Acquisition since the last audited financial statement date, and no laws, regulations or rules have been promulgated since the last audited financial statement date that would, or would reasonably be expected to, prohibit or restrict the transactions under the First Agreement.

The conditions above (other than the conditions set out in (b), (c) and (d)) may be waived by the First Purchaser.

If the conditions to the First Agreement are not fulfilled or waived (as the case may be) on or before 31 March 2018, or such other date as may be agreed between the parties, the First Agreement will terminate and cease to be of further effect.

Information on the First Target Company

The First Target Company is a limited liability company established in the PRC in 2015 and is principally engaged in the business of the provision of private fund management services in the PRC.

The original subscription price of the First Sale Shares paid by Shougang Fund was RMB157,700,000.

The First Target Company or its subsidiaries have established a number of partnerships by entering into a number of partnership agreements, pursuant to which the First Target Company or its subsidiaries has agreed to subscribe for minority interests in the partnerships and to act as the general partner of the partnerships. Shougang Fund is the sole or one of the limited partners of a number of the partnerships. Shougang Group and/or its associates are interested in a number of projects invested by the partnerships under the management of the First Target Company or its subsidiaries. It is the vision of the First Target Company to (a) widen its customer bases by having more independent third parties as limited partners; and (b) increase the partnership investment in independent third party projects in the long run. As at the date of this announcement, the First Target Company has established a total of 12 partnerships for the purpose of investment, among which 8 of them have been partially or fully paid-up by the respective partners and 6 of which have been registered with the Asset Management Association of China (中國證券投資基金業協會). The total asset-under-management currently under the management of the First Target Company or its subsidiaries, which represents the total existing paid-up capital of the 8 aforesaid partnerships amounted to approximately RMB4.0 billion as at 31 July 2017.

The audited financial information of the First Target Company for the period from 24 June 2015 (date of incorporation) to 31 December 2015 and the year ended 31 December 2016 prepared in accordance with the PRC generally accepted accounting principles is set out below:

	For the period from 24 June 2015 (date of incorporation) to 31 December 2015 RMB'000	For the year ended 31 December 2016 RMB'000
Profit before taxation	644.34	534.57
Profit/(loss) after taxation	483.25	(265.50)
Profit/(loss) attributable to the owners of the First Target Company	<u>483.25</u>	<u>(96.83)</u>

Based on the unaudited management accounts of the First Target Company as at 31 July 2017, the unaudited net asset value attributable to the owners of the First Target Company was RMB164,184,865.

Upon completion of the First Acquisition, the First Target Company will become a non-wholly owned subsidiary of the Company and the financial results of the First Target Company will be consolidated into the results of the Group.

The Second Acquisition

On 8 September 2017, the Second Purchaser, a wholly-owned subsidiary of the Company, and Shougang Fund entered into the Second Agreement in respect of the Second Acquisition. The principal terms of the Second Agreement are set out below.

Subject matter

The Second Purchaser will acquire from Shougang Fund the Second Sale Shares. The Second Sale Shares represent 40% of the equity capital of the Second Target Company.

Consideration

The consideration for the acquisition of the Second Sale Shares is RMB115,597,000 (equivalent to approximately HK\$138,583,463), which was determined after arm's length negotiations with reference to the preliminary valuation of 40% of the equity interest in the Second Target Company as at 31 July 2017 determined by an independent valuer by using asset approach.

The consideration will be settled by the Second Purchaser in cash at completion of the Second Acquisition.

Committed capital injection

The Second Purchaser has also agreed to inject RMB71,200,000 in cash into the Second Target Company as committed and unpaid capital for the Second Sale Shares.

Conditions precedent

Completion of the Second Acquisition is conditional upon:

- (a) the Second Purchaser being satisfied with the due diligence results on the Second Target Company and its subsidiaries;
- (b) the Independent Shareholders having approved at the GM the Second Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules;
- (c) the receipt of all necessary approvals, consents, filings and waivers (if applicable) from government authorities or other third parties in relation to the Second Agreement and the transactions contemplated thereunder, including but not limited to competent department of the Ministry of Commerce and registration authorities;
- (d) completion of the Open Offer, that is when all the Open Offer Shares having been allotted;
- (e) the warranties under the Second Agreement remaining true and accurate, and not misleading in material respect and Shougang Fund having discharged all of its obligations to be carried before completion of the Second Acquisition under the Second Agreement; and
- (f) there have not occurred any material adverse effect on the business, financial and operation conditions of the Second Target Company or otherwise on the Second Acquisition since the last audited financial statement date, and no laws, regulations or rules have been promulgated since the last audited financial statement date that would, or would reasonably be expected to, prohibit or restrict the transactions under the Second Agreement.

The conditions above (other than the conditions set out in (b), (c) and (d)) may be waived by the Second Purchaser.

If the conditions to the Second Agreement are not fulfilled or waived (as the case may be) on or before 31 March 2018, or such other date as may be agreed between the parties, the Second Agreement will terminate and cease to be of further effect.

Information on the Second Target Company

The Second Target Company is a limited liability company established in the PRC in 2016 and is principally engaged in the business of car parking system and services in the PRC with a focus on smart car parking system. The Second Target Company provides a full range of services involving the design, architecture, operation and management of smart car parking system in PRC and provision of solutions and services in relation thereto. It is the business strategy of the Second Target Company to further develop its business by acquisition of car parking spaces, entering into long-term leases (such as 5 years) with car park owners, entering into franchise agreements and/or co-operation with private corporations, state-owned enterprises and governmental bodies. The Second Target Company's cooperation parties include government authorities, state-owned enterprises, hospitals and private corporations. 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 the Second Target Company, 50.625% by Shougang Fund and the remaining 1.25% by a third party independent of the Company and its connected persons, 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 park management services to the new airport in Beijing. As the date of this announcement, the site is currently under construction and it is expected to commence business in the fourth quarter of 2019. The Second Target Company currently focuses on the smart car parking business in Beijing and intends to expand its business into other first and second tier cities in the PRC and/or other countries.

The original subscription price of the Second Sale Shares paid by Shougang Fund was RMB106,800,000.

The audited financial information of the Second Target Company for the period from 26 May 2016 (date of incorporation) to 31 December 2016 prepared in accordance with the PRC generally accepted accounting principles is set out below:

	For the period from 26 May 2016 (date of incorporation) to 31 December 2016 RMB'000
Loss before taxation	(5,578.69)
Loss after taxation	(5,578.69)
Loss attributable to the owners of the Second Target Company	(5,578.69)

Based on the unaudited management accounts of the Second Target Company as at 31 July 2017, the unaudited net asset value attributable to the owners of the Second Target Company was RMB228,347,961.

Upon completion of the Second Acquisition, the Second Purchaser will have the right to nominate three out of the five members of the board of the Second Target Company and will be regarded as having control over the board of directors of the Second Target Company. As such, the Second Target Company will be accounted as a non-wholly owned subsidiary of the Company, and the financial results of the Second Target Company will be consolidated into the results of the Group.

THE OPEN OFFER

Issue statistics

Basis of the Open Offer:	one (1) Open Offer Share for every one (1) existing Share held on the Record Date
Subscription Price:	HK\$0.225 per Open Offer Share
Number of Shares in issue as at the date of this announcement:	8,957,896,227 Shares
Number of Open Offer Shares:	8,957,896,227 Open Offer Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to the Record Date)
Number of Open Offer Shares underwritten by the Underwriter:	4,677,426,528 Open Offer Shares, representing all the Open Offer Shares less the number of Open Offer Shares undertaken to be taken up by the Underwriter (in its capacity as a Shareholder). The Open Offer is fully underwritten
Enlarged number of Shares in issue immediately upon completion of the Open Offer:	17,915,792,454 Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to the Record Date)
Amount to be raised:	approximately HK\$2,015.5 million before expenses

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming that there is no change in the total number of Shares in issue from the date of this announcement up to the Record Date, 8,957,896,227 Open Offer Shares that will be allotted and issued pursuant to the Open Offer represent (i) 100% of the Company's total number of Shares in issue as at the date of this announcement; and (ii) 50% of the Company's total number of Shares in issue as enlarged by the allotment and issue of the 8,957,896,227 Open Offer Shares immediately after completion of the Open Offer.

Basis of entitlement

The basis of the provisional entitlement will be one (1) Open Offer Share for every one (1) Share held on the Record Date, being 8,957,896,227 Open Offer Shares at the Subscription Price. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Application Form and lodging the same with a remittance for the Open Offer Shares being applied for.

Qualifying Shareholders

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and, to the extent permitted under the relevant laws and regulations and reasonably practicable, (ii) the Prospectus (subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted), for information only, to the Non-Qualifying Shareholders, but will not send any Application Form(s) to the Non-Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must (i) be registered on the register of members of the Company at the close of business on the Record Date; and (ii) not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company prior to the close of business on the Record Date for the Open Offer, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Tuesday, 17 October 2017.

Closure of register of members for the Open Offer

The Company's register of members will be closed for the purpose of determining the eligibility of the Qualifying Shareholders for the Open Offer, from Wednesday, 18 October 2017 to Tuesday, 24 October 2017 (both dates inclusive). No transfer of Shares will be registered during this book closure period.

Subscription Price

The Subscription Price of HK\$0.225 per Open Offer Share will be payable in full upon application for the Open Offer Shares under the Open Offer. The Subscription Price represents:

- (a) a discount of approximately 21.05% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 22.95% to the average closing price of HK\$0.292 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 11.76% to the theoretical ex-entitlement price of HK\$0.255 per Share, based on the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (d) a discount of approximately 59.36% to the unaudited consolidated net asset value per Share of approximately HK\$0.5537 based on the latest unaudited net asset value attributable to owners of the Company as at 30 June 2017 and the Shares in issue as at the date of this announcement.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, the prevailing market price of the Shares under the current market conditions of the Shares. The Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Open Offer offers each Qualifying Shareholders the opportunity to maintain their respective pro rata shareholdings in the Company and enables them to participate in the future growth of the Group.

The net price (after deducting the relevant expenses) per Open Offer Share will be approximately HK\$0.2238.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of Rule 13.36(2) of the Listing Rules, the Company will make enquiries with its legal advisers in the relevant jurisdictions regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on such legal opinions, the Directors consider that it is necessary or expedient not to offer the Open Offer Shares to the Overseas Shareholders due to either the legal restrictions of the relevant jurisdiction or the applicable requirements of the relevant regulatory body or stock exchange in that place or it is not reasonably practicable to do so, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders.

Further information in this connection will be set out in the Prospectus Documents to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Forms will be sent to them.

Ranking of the Open Offer Shares

The Open Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Open Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Open Offer Shares in their fully-paid form.

Fractions of the Open Offer Shares

No fractional entitlements to the Open Offer Shares will arise as result of the Open Offer.

Application for the Open Offer Shares

The Application Form in respect of the entitlement of the Open Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Open Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Open Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

No application for excess Open Offer Shares

The Qualifying Shareholders will not be entitled to subscribe for any Open Offer Shares in excess of their respective entitlements. Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, the Company considers that if application for excess Open Offer Shares is arranged, the Company would require to put in additional effort and costs to administer the excess Open Offer Shares application procedures. Accordingly, after arm's length negotiation with the Underwriter, the Board has decided that no excess Open Offer Shares will be offered to the Qualifying Shareholders and any Untaken Shares will be underwritten by the Underwriter. As the related administration costs would be lowered, the Directors consider that the absence of application for excess Open Offer Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Share certificates and refund cheques for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer, certificates for all fully-paid Open Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk. If the Open Offer is terminated, refund cheques will be despatched by ordinary post at the respective Shareholders' own risk.

Application for listing

The Company will apply to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Open Offer Shares.

Subject to the granting of the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange, the Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Open Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Open Offer Shares will be traded in board lots of 2,000 Shares.

Dealings in the Open Offer Shares which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

The Underwriting Agreement

On 8 September 2017 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the underwriting arrangement for the Open Offer. The principal terms of the Underwriting Agreement are as follows:

Date: 8 September 2017 (after trading hours)

Underwriter: Shougang Holding, which is the controlling shareholder of the Company. As at the date of this announcement, Shougang Holding and its subsidiaries hold 4,280,469,699 Shares.

Number of Underwritten Shares: 4,677,426,528 Open Offer Shares, representing all the Open Offer Shares less the number of Open Offer Shares undertaken to be taken up by the Underwriter (in its capacity as a Shareholder). The Open Offer is fully underwritten.

Underwriting commission: 1% of the aggregate Subscription Price in respect of the Underwritten Shares to be underwritten.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to, amongst other things, the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) consider the terms of the Underwriting Agreement including the commission rates are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Conditions precedent: The obligations of the Underwriter are conditional upon the satisfaction of the following conditions:

- (a) the passing of the necessary resolution(s) at the GM by the Independent Shareholders to approve the Open Offer (including but not limited to the allotment and issue of the Open Offer Shares) and the transactions contemplated thereunder;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board or its authorised committee(s) (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance on or before the Prospectus Posting Date;

- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only, on the Prospectus Posting Date; and
- (d) the listing committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in the Open Offer Shares.

The conditions above cannot be waived. If any of the conditions of the Open Offer is not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date and time as may be agreed between the Company and the Underwriter, the Underwriting Agreement will terminate and none of the parties shall have any claim against the other party, save for any antecedent breaches.

Termination:

The Underwriter is entitled by giving notice in writing to terminate the Underwriting Agreement at any time prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement which comes to the knowledge of the Underwriter; or
- (b) any event occurs or matter arises on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained thereof untrue or incorrect in any material respect and which comes to the knowledge of the Underwriter.

Upon the giving of notice in accordance with the above, the Underwriting Agreement will terminate and the obligations and liabilities of the parties will forthwith cease and determine and no party will have any claim against any other party save for any antecedent breaches.

Expected Timetable

The expected timetable for the Open Offer is set out below:

Event	2017
Publication of this announcement	8 September
Despatch of circular in relation to, among other matters, the Open Offer and the Underwriting Agreement.	25 September
Latest time for lodging transfer of shares in order to qualify for attendance and voting at the GM	4:30 p.m. on 4 October
Register of member closes (both days inclusive)	6 October to 12 October
Latest time for lodging proxy form for the GM	11:00 a.m. on 10 October
Record date for attending and voting at the GM	12 October
GM to approve the Open Offer	11:00 a.m. on 12 October
Announcement of the result of the GM	12 October
Last day of dealings in the Shares on cum-entitlement basis	13 October
First day of dealings in the Shares on ex-entitlement basis	16 October
Latest time for lodging transfer of Shares in order to qualify for the Open Offer	4:30 p.m. 17 October
Register of member closes (both days inclusive)	18 October to 24 October
Record Date for Open Offer	24 October
Despatch of the Prospectus and Application Form.	25 October
Latest time for acceptance and payment of the Open Offer Shares	4:00 p.m. on 8 November
Latest time for termination of the Underwriting Agreement	4:00 p.m. on 9 November
Announcement of the allotment results	15 November

Despatch of certificates for Open Offer Shares
and refund cheques 16 November

Expected first day of dealings in
the Open Offer Shares 9:00 a.m. on 17 November

All times and dates stated above refer to Hong Kong local times and dates. The above expected timetable is subject to change. The Company will make further announcement if there is any change to the expected timetable of the Open Offer.

REASONS FOR THE ACQUISITIONS AND THE OPEN OFFER

Shougang Fund is principally engaged in investment, management and advisory of non-securities businesses.

The Group is principally engaged in trading of iron ore, steel and related products and through investment in two associates listed in Hong Kong, namely Shougang Fushan Resources Group Limited and Shougang Concord Century Holdings Limited, is also engaged in the business of exploration and sales of hard coking coal, manufacture of steel cord for radial tyres and sawing wires, processing and trading of copper and brass products in the PRC.

The Company disposed of its Qinhuangdao business in late 2016, which comprised mainly of two steel mills, a deep processing centre on steel products and exploration and processing of iron ore operation in Qinhuangdao City, Hebei province, PRC. Since the disposal of the Qinhuangdao business, the Group's principal business has primarily been focused on the trading business. Although the Group's financial performance has been improved by the disposal of the entire interest in the Group's Qinhuangdao business, the Directors consider that it is necessary to explore new business opportunities to diversify the business risk and to strengthen the current financial position of the Group. The Group has been exploring different investment opportunities. The Acquisitions represent opportunities for the Group to diversify its business and provide the Group with potential source of income.

Acquisitions

The First Acquisition

Currently, there is an increase in the scale of the private equity fund management entities in China. According to the statistics for the second quarter of 2017 published by the Asset Management Association of China on its official website, the scale of the assets (in terms of paid up amount) managed by private equity fund management entities has increased from approximately RMB1.49 trillion as at 31 December 2014 to approximately RMB9.46 trillion as at 30 June 2017, representing a growth of approximately 532.65%.

As of the date of this announcement, the aggregated asset-under-management of the partnerships which had been set up and managed by the First Target Company, which represents the total existing paid-up capital of 8 partnerships, is approximately RMB4.0 billion. The duration of the partnerships ranged from 3 to 10 years (some of which containing an option for extension of the term) and therefore it is expected that the management fee income from the provision of private fund management services would be sustainable in the foreseeable future and provide a diversified revenue stream to the Group. The Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) also expect that the First Target Company can be benefited from the partnerships' investment directions which covering the industries of health care, environmental protection, infrastructure, public utilities and new energy, etc. All of these are the nationwide development directions and align with the benchmarks and objectives outlined in the 13th Five-Year Plan (十三五規劃) of the PRC. As such, it is expected that the underlying investment projects in these industries invested by the partnerships would be benefited from such nationwide focus and even possible preferential measures and policies to be implemented by the PRC government in the coming years.

The Second Acquisition

According to the National Bureau of Statistics of the PRC (the "NBS"), the national per capita disposable income increased from approximately RMB16,510 in 2012 to approximately RMB23,821 in 2016, representing a compound annual growth rate ("CAGR") of approximately 9.6%. In addition, based on the information from the NBS, the total number of private cars owned in the PRC had been increased from approximately 88.4 million in 2012 to approximately 165.6 million in 2016, representing a CAGR of approximately 17.0%. The increase in total number of private cars in the PRC is expected to result the increase in demand for carpark space.

Furthermore, according to an official policy introduction speech by the news office of State Council of the PRC in September 2015, the shortfall of carpark space in the PRC was more than 50 million, and the then car to parking spaces ratio was about, 1:0.8 in big cities and 1:0.5 in medium and small ones, compared to 1:1.3 for developed countries. According to a Parking Industry Development White Paper 2016 (停車行業發展白皮書 2016) jointly issued by Beijing Tsing Hua Urban Planning and Development Institute Co., Ltd.* (北京清華同衡規劃設計研究院有限公司) and China Urban Public Transport Association* (中國城市公共交通協會) in June 2017, car ownership hit 5.48 million in Beijing in 2016 but the number of parking spaces was only 1.93 million, or one parking space for every 2.84 vehicles, indicating a shortage of 3.55 million in parking spaces. Also, the total number of passenger for civil aviation in the PRC rose approximately 11.8% to approximately 490.0 million in 2016 as compared to last year. Therefore, having considered the demand of car parking in Beijing, which is the Second Target Company's / BSCMCL's current prioritised focus when selecting business location, the Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) consider the Second Acquisition will provide potential income to the Company which can enhance the revenue base of to the Group.

Having considered the above factors, in particular (i) the consideration of the Acquisitions are same as its appraised preliminary market values by an independent valuer; (ii) the Acquisitions will enable to provide potential source of income, which in turn, can enhance the revenue base of the Group; (iii) the increase in total number of private cars owned in PRC; (iv) the demand outlook of the above industries as stated above; and (v) the diversification of the existing risk of the Company, the Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) consider that the Acquisitions are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Open Offer

Furthermore, the Directors are of the view that the Open Offer will enable the Company to raise funds and provide the Company with the financial flexibility necessary for the Acquisitions and the Group's future development and investment purposes as and when suitable opportunities arise and improve the Group's overall financial position. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders to participate in the development of the Company in proportion to their shareholdings. To further illustrate, the Group has been putting efforts in strengthening its financial position, including but not limited to raising sufficient funding for the business development of the Group. As such, when formulating the structure of the Open Offer, the Directors had taken into account various factors including but not limited to raising sufficient funds to further develop its principal business, while at the same time, to reduce the level of borrowings of the Group.

In addition, having considered other fund raising alternatives for the Group, such as placing of new Shares or other convertible securities, and taking into account the benefits and cost of each of the alternatives, the Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) consider that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company at the same price and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

In view of the above, the Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) consider the Open Offer is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, set out below is the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Open Offer:

Shareholders	As at the date of this announcement		Upon completion of the Open Offer (assuming that all Open Offer Shares are subscribed for by all Shareholders)		Upon completion of the Open Offer (assuming that none of the Open Offer Shares are subscribed for by the Shareholders other than Shougang Holding and its subsidiaries)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Shougang Holding and its subsidiaries (<i>Note 2</i>)	4,280,469,699	47.78	8,560,939,398	47.78	13,238,365,926	73.89
CK Hutchison Holdings Limited (“CK Hutchison”)	430,274,586	4.80	860,549,172	4.80	430,274,586	2.40
CEF Holdings Limited (“CEF”)	25,127,369	0.28	50,254,738	0.28	25,127,369	0.14
Mr. Leung Shun Sang, Tony (a non-executive director of the Company)	7,590,000	0.08	15,180,000	0.08	7,590,000	0.04
Other public shareholders	4,214,434,573	47.05	8,428,869,146	47.05	4,214,434,573	23.52
Total	8,957,896,227	100.00	17,915,792,454	100.00	17,915,792,454	100.00

Notes:

- Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- Shougang Holding, CK Hutchison and CEF are a concert group which controls approximately 52.87% of the voting rights of the Company as at the date of this announcement.

The Executive Director of the Corporate Finance Division of the Securities and Futures Commission has granted a waiver under Note 6(b) to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers from the obligation of Shougang Holding to make a general offer for the Shares not already owned or controlled by it or its concert parties as a result of the performance of its underwriting obligations (if required) under the Underwriting Agreement.

Potential dilution effect

The proposed Open Offer will be conducted on the basis of one (1) Open Offer Share for every one (1) existing Share held on the Record Date. The Board considers that any potential dilution impact should be balanced against the following factors:

- (1) Independent Shareholders are given the chance to express their views on the terms of the Open Offer and the Underwriting Agreement through their votes at the GM;
- (2) Qualifying Shareholders have the choice whether to accept the Open Offer or not;
- (3) the Open Offer offers Qualifying Shareholders a chance to subscribe for their pro-rata Open Offer Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the prevailing market price of the Shares; and
- (4) those Qualifying Shareholders who choose to accept the Open Offer in full can maintain their respective existing shareholding interests in the Company after the Open Offer.

Having considered the above, the Board considers the potential dilution effect on the shareholding interests of the Qualifying Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Open Offer Shares, to be acceptable. Having taken into account the terms of the Open Offer, the Directors (other than the members of the independent board committee who will form their view after reviewing and considering the advice from the independent financial adviser) consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, it also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. Those Qualifying Shareholders who do not take up the Open Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

USE OF PROCEEDS

The gross proceeds from the Open Offer will be approximately HK\$2,015.5 million before expenses. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be approximately HK\$2,004.5 million.

The Company currently intends to use the net proceeds from the Open Offer as follows:

- (i) approximately 21% of the net proceeds will be used to pay for the consideration and related expenses of the Acquisitions;
- (ii) approximately 6% of the net proceeds, will be used to pay for the committed and unpaid capital in respect of the First Sale Shares and the Second Sale Shares;

- (iii) approximately 20% of the net proceeds, will be used to support the future development of the First Target Company and the Second Target Company, such as (a) supporting the further capital investment of the smart car parking lots; and/or (b) investing in minority stake of potential funds; and/or (c) general working capital of the First Target Company and the Second Target Company;
- (iv) approximately 23% of the net proceeds, will be used to repay the existing bank loans of the Group;
- (v) approximately 15% of the net proceeds, will be used to support the existing operation of the trading business. Given that the existing iron ore trading business relies on the trading loans to finance the time gap between payment to suppliers and receipt from customers, such net proceeds enable the Group to save the finance costs by reducing to utilize the trading loans; and
- (vi) approximately 15% of the net proceeds, will be used for future strategic acquisitions complementary to the businesses of the Group and will be used for general working capital and other general corporate purposes of the Group. As at the date of this announcement, save as disclosed above, no acquisition targets had been identified, the Board will explore any potential opportunities which would complement and add synergies to the Group's existing business.

Given that the Acquisitions are conditional upon, among other things, the approval of the Independent Shareholders at the GM, in event that such conditions were not satisfied, the Company would reallocate the net proceeds from the uses described in paragraphs (i) to (iii) above to paragraph (vi) above and reserve for such proceeds for future acquisition of new businesses.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Existing transactions under the Partnership Agreements

Before the date of the First Agreement, the First Target Company or its subsidiaries have entered into the Partnership Agreements with, among others, Shougang Fund or its associates which are connected persons of the Company for the establishment and regulations of the partnerships. The First Target Company or its subsidiaries shall provide private fund management services to such partnerships as a general partner or private fund manager. If any partnership is an associate of Shougang Fund, such partnership will become a connected person of the Company upon completion of the First Acquisition. The provision of the private fund management services by the First Target Company or its subsidiaries to such partnerships under the Partnership

Agreements will therefore constitute continuing connected transactions of the Company under the Listing Rules upon completion of the First Acquisition. Details of the Partnership Agreements are summarised below:

(1) Huizhong Medical Investment Fund Partnership Agreement

Date:	6 September 2017
Parties:	(i) the First Target Company (as the general partner); and (ii) Shougang Fund (as a limited partner).
Name of the partnership:	唐山協同惠眾醫療股權投資基金合夥企業(有限合夥)
Term of the partnership:	The establishment date of the partnership is 20 December 2016. The partnership will continue until the 10th anniversary of the establishment date. The investment period of the partnership commences from the establishment date of the partnership to the 5th anniversary of the establishment date.
Capital commitments:	Total commitment: RMB250,000,000, of which: Shougang Fund's commitment: RMB248,000,000 First Target Company's commitment: RMB2,000,000
Management fee:	From the establishment date to the dissolution date of the partnership, the partnership shall pay to the general partner 1% of the total capital contribution of the partnership each year.

(2) Caofeidian Qiaochuang Investment Fund Partnership Agreement

Date: 5 March 2017

Parties: (i) Beijing Qiaochuang Investment Management Co. Ltd.* (北京僑創投資管理有限公司, a limited liability company established in the PRC and a wholly owned subsidiary of the First Target Company) (as the general partner); and
(ii) Shougang Fund (as a limited partner).

Name of the partnership: 唐山曹妃甸僑創股權投資基金合夥企業(有限合夥)

Term of the partnership: The establishment date of the partnership is 15 March 2017.

The partnership will continue until the 8th anniversary of the establishment date, such term may be extended by up to two additional years by the unanimous consent of all partners.

The investment period is the same as the term of the partnership.

Capital commitments: Total commitment: RMB54,500,000, of which:

Shougang Fund's commitment: RMB50,000,000

Commitment of Beijing Qiaochuang Investment Management Co. Ltd.*: RMB4,500,000

Management fee: From the establishment date to the dissolution date of the partnership, the partnership shall pay the general partner or private fund manager 1.5% of the total capital commitment of the partnership each year. The First Target Company was appointed as the private fund manager for the partnership.

(3) Jilin Shougang Industry Fund Partnership Agreement

Date: 29 December 2016

Parties:

- (i) Shougang Dongbei Zhenxing Industry Fund Management Co. Ltd.* (首鋼東北振興產業基金管理有限公司, a limited liability company established in the PRC and a wholly owned subsidiary of the First Target Company) (as the general partner); and
- (ii) Shougang Fund;
- (iii) Jilin Shareholding Fund Investment Co. Ltd* (吉林省股權基金投資有限公司), an independent third party; and
- (iv) Jilin Chuangxin Corporation Investment Co. Ltd* (吉林省創新企業投資有限公司), an independent third party (as limited partners).

Name of the partnership: 吉林首鋼產業振興基金合夥企業(有限合夥)

Term of the partnership: The establishment date of the partnership is 29 December 2016.

The partnership shall operate until the 8th anniversary of the establishment date, such term may be extended by up to two additional years by the unanimous consent of all partners.

The investment period of the partnership commences from the registration date of the partnership to the 5th anniversary of the registration date; non-investment period commences thereafter and ends on the 8th anniversary of the establishment date. No investment shall be made during the non-investment period. Either the investment period or the non-investment period may be extended by up to two additional one-year periods after obtaining the unanimous consent of all partners, but the overall term of the partnership shall not exceed 10 years from its establishment.

Capital commitments: Total commitment: RMB857,000,000, which is contributed by the partners as follows:

Shougang Dongbei Zhenxing Industry Fund Management Co. Ltd.*: RMB20,000,000

Shougang Fund: RMB480,000,000

Jilin Shareholding Fund Investment Co. Ltd*:
RMB257,000,000

Jilin Chuangxin Corporation Investment Co. Ltd*:
RMB100,000,000

Management fee: The partnership shall pay to the general partner:

- (a) during the investment period of the partnership, an annual management fee equivalent to 1.5% of the total capital contribution of the partnership;
- (b) during the non-investment period, 1% of the total outstanding recoverable amount of the partnership, each year; and
- (c) during the extended investment period or the extended non-investment period, 0.5% of the total outstanding recoverable amount of the partnership, each year.

(4) Health Business Fund Partnership Agreement

Date: 30 November 2016

Parties:

- (i) the First Target Company (as the general partner); and
- (ii) Shougang Fund;
- (iii) Mr. Mo Siming* (莫思銘), an independent third party; and
- (iv) Mr. Cai Shouping* (蔡守平), an independent third party (as limited partners).

Name of the partnership: 唐山京冀協同健康產業基金合夥企業(有限合夥)

Term of the partnership: The establishment date of the partnership is 24 November 2016.

The term of the partnership shall be 10 years from the establishment date.

Capital commitments: Total commitment: RMB155,000,000, which is contributed by the partners as follows:

First Target Company: RMB3,000,000

Shougang Fund: RMB52,000,000

Mr. Mo Siming*: RMB60,000,000

Mr. Cai Shouping*: RMB40,000,000

Management fee: During the term of the partnership, the partnership shall pay to the general partner 0.5% of the capital commitment amount of the partnership each year.

(5) Jingxi Guigu Innovation Investment Centre Partnership Agreement

Date: 8 February 2017

Parties: (i) Beijing Hengtai Shengyuan Investment Management Co. Ltd.* (北京恒泰盛源投資管理有限公司, a limited liability company established in the PRC and a wholly owned subsidiary of the First Target Company) (as the general partner); and

(ii) Shougang Fund (as a limited partner).

Name of the partnership: 北京京西硅谷創新投資中心(有限合夥)

Term of the partnership: The establishment date of the partnership is 28 March 2017.

The partnership shall operate until the 5th anniversary of the establishment date, such term may be extended by up to three additional years by the unanimous consent of all partners.

The investment period of the partnership commences from the establishment date of the partnership to the 4th anniversary thereof. No investment shall be made beyond the investment period save for additional investment on existing investment.

Capital commitments: Total commitment: RMB153,000,000, which is contributed by the partners as follows:

Beijing Hengtai Shengyuan Investment Management Co. Ltd.*: RMB3,000,000

Shougang Fund: RMB150,000,000

Management fee: During the term of the partnership, the partnership shall pay to the general partner or private fund manager a management fee equivalent to 2% of the capital contribution amount each year. The First Target Company was appointed as the private fund manager for the partnership.

(6) Caofeidian Urban Service Business Investment Fund Partnership Agreement

Date: 11 March 2017

Parties: (i) the First Target Company (as the general partner);
(ii) Shougang Fund;
(iii) Shougang Group; and
(iv) Beijing Shougang Shareholding Investment Management Co. Ltd.* (北京首鋼股權投資管理有限公司, a limited liability company established in the PRC and a wholly owned subsidiary of Shougang Group) (as limited partners).

Name of the partnership: 首鋼(唐山曹妃甸)城市服務業股權投資基金(有限合夥)

Term of the partnership: The establishment date of the partnership is 21 March 2017.

The partnership shall continue until the 8th anniversary of the establishment date, such term may be extended by up to two additional years by the unanimous consent of all partners.

The investment period of the partnership commences from the establishment date of the partnership to the 6th anniversary of the establishment date.

Capital commitments: Total commitment: RMB2,500,000,000, which is contributed by the partners as follows:

First Target Company: RMB25,000,000

Shougang Fund: RMB225,000,000

Shougang Group: RMB2,000,000,000

Beijing Shougang Shareholding Investment Management Co. Ltd.*: RMB250,000,000

Management fee: From the establishment date to the dissolution date of the partnership, the partnership shall pay to the general partner 0.2% of the total capital commitment of the partnership each year.

(7) Caofeidian Green Industry Fund Partnership Agreement

Date: 21 December 2016

Parties: (i) the First Target Company (as the general partner);
(ii) Shougang Fund; and
(iii) Hebei Asset Shareholding Investment Fund Co. Ltd.* (河北省冀財產業引導股權投資基金有限公司), an independent third party (as limited partners).

Name of the partnership: 唐山曹妃甸京冀協同綠色產業投資基金合夥企業 (有限合夥)

Term of the partnership: The establishment date of the partnership is 6 June 2016.

The partnership shall continue until the 5th anniversary of the establishment date, such term may be extended by up to two additional years by the unanimous consent of all partners.

The investment period of the partnership commences from the establishment date of the partnership to the 3rd anniversary of the establishment date. No investment shall be made beyond the investment period. The investment period may be extended by up to two additional years by the unanimous consent of all partners, but the overall term of the partnership shall not exceed 7 years from its establishment.

Capital commitments: Total commitment: RMB166,660,000, which is contributed by the partners as follows:

First Target Company: RMB5,000,000

Shougang Fund: RMB120,000,000

Hebei Asset Shareholding Investment Fund Co. Ltd.*: RMB41,660,000

Management fee: The partnership shall pay to the general partner:

- (a) during the investment period of the partnership, 2% of capital contribution of limited partners (other than the contribution made by Shougang Fund and Hebei Asset Shareholding Investment Fund Co. Ltd.*), each year; and
- (b) during the period after the investment period to the dissolution date of the partnership, 1% of capital contribution to be returned to the limited partners (other than such amount to be returned to Shougang Fund), each year.

Shougang Fund shall pay to the general partner 0.5% of its committed capital contribution to the partnership, each year, during the term of the partnership.

Hebei Asset Shareholding Investment Fund Co. Ltd.* shall pay to the general partner 2% of its capital contribution to the partnership, each year, during the investment period of the partnership.

If the term of the partnership has been extended without extending the investment period, the partnership will not be required to pay the general partner any management fee during such extended period.

The Master Agreement

Upon completion of the First Acquisition, transactions between the Group (including the First Target Company and/or its subsidiaries) and Shougang Fund (and/or its associates) will become connected transactions for the Company. In contemplation of the First Target Company and/or its subsidiaries continuing to provide private fund management services to any new partnerships or entities (being associates of Shougang Fund) after completion of the First Acquisition, the Company and Shougang Fund have entered into the Master Agreement, which would become effective upon completion of the First Acquisition. The Master Agreement is entered into to regulate the new continuing connected transactions that may be carried out between the Group (including the First Target Company and/or its subsidiaries) and Shougang Fund (and/or its associates) upon completion of the First acquisition. The principal terms of the Master Agreement are as follows:

Date

8 September 2017

Parties

- (1) the Company; and
- (2) Shougang Fund

Shougang Fund is a wholly-owned subsidiary of Shougang Group, the holding company of Shougang Holding which in turn is the controlling shareholder of the Company. Accordingly, Shougang Fund is an associate of a connected person of the Company and the transactions contemplated under the Master Agreement will become continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon completion of the First Acquisition.

Subject Matter

Pursuant to the terms of the Master Agreement, the Company and/or its subsidiaries (including the First Target Company and its subsidiaries upon completion of the First Acquisition) will provide private fund management services to Shougang Fund and/or its associates.

Pricing Terms

Pursuant to the terms of the Master Agreement, the provision of private fund management service shall be priced between 0.5% and 2% of the capital commitment or the capital contribution of the partnership each year (as determined under the respective partnership agreements) which was determined by reference to and in accordance with the prevailing marketing prices offered by the other private fund management companies for the same and similar scope of service.

Term

The Master Agreement has a term commencing from the completion date of the First Acquisition and will expire on 31 December 2019.

Cap Amount

The transaction amounts under the Master Agreement during the term of the agreement will not exceed the following annual caps:

	From the commencement date of the Master Agreement to 31 December 2017 RMB	For the year ending 31 December 2018 RMB	For the year ending 31 December 2019 RMB
Provision of private fund management services	<u>10,000,000</u>	<u>180,000,000</u>	<u>250,000,000</u>

The annual caps were determined with reference to the new partnership agreements that are expected to be entered into between the First Target Company (and/or its subsidiaries) and Shougang Fund and/or its associates.

Conditions precedent

The obligations of the parties to the Master Agreement are conditional upon:

- (a) the relevant requirements of the Listing Rules having been satisfied, including having obtained the approval of the Independent Shareholders at the GM on the Master Agreement and the transactions contemplated thereunder; and
- (b) completion of the First Acquisition.

If the conditions to the Master Agreement are not fulfilled on or before 31 March 2018, or such other date as may be agreed between the parties, the Master Agreement will terminate and cease to be of further effect.

REASONS FOR AND BENEFITS OF THE POSSIBLE CONTINUING CONNECTED TRANSACTIONS

The principal business of the First Target Company is the provision of private fund management services. The Partnership Agreements were entered into prior to the First Acquisition and were being carried out in the ordinary course of business of the First Target Company and/or its subsidiaries. As the Partnership Agreements have remaining terms of between 3 years and 10 years to run, the Directors consider that the continuous performance of the Partnership Agreements is necessary to avoid the First Target Company (or its subsidiaries) defaulting on its obligations upon completion of the First Acquisition.

Furthermore, the Directors consider that the entering into of the Master Agreement will enable the First Target Company and/or its subsidiaries to continue to provide private fund management services to any new partnerships or entities (being associates of Shougang Fund) after completion of the First Acquisition.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisitions

Chapter 14 of the Listing Rules

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions are over 5% but less than 25%, the Acquisitions constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Chapter 14A of the Listing Rules

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group is the holding company of Shougang Holding which in turn is the controlling shareholder of the Company. Accordingly, Shougang Fund is an associate of Shougang Holding and hence a connected person of the Company. The Acquisitions constitute connected transactions for the Company which are subject to the reporting, announcement and independent shareholders' approval.

The Open Offer

The Open Offer will increase the number of issued shares of the Company by more than 50%. The Open Offer is conditional on, amongst other things, the relevant resolutions being approved by the Independent Shareholders at the GM in compliance with Rule 7.24(5) of the Listing Rules. As Shareholders will not be entitled to subscribe for any Open Offer Shares in excess of their respective entitlements, the absence of application for excess Open Offer Shares requires Independent Shareholders' approval at the GM in compliance with Rule 7.26A(2) of the Listing Rules.

As at the date of this announcement, Shougang Holding and its subsidiaries hold in aggregate 4,280,469,699 Shares, representing approximately 47.78% of the issued capital of the Company. At the GM, Shougang Holding and its subsidiaries and their

respective associates are required to abstain from voting at the relevant resolutions approving the Open Offer.

The Open Offer is underwritten by Shougang Holding, the controlling shareholder of the Company. As the commission to be received by Shougang Holding under the Open Offer will be below 5% of each of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the commission to be received by Shougang Holding under the Underwriting Agreement is also a connected transaction under Rule 14A.76(2) of the Listing Rules and is exempt from the circular and shareholders' approval requirements.

Possible Continuing Connected Transactions

Existing transactions under the Partnership Agreements

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements if the Group continues to provide the private fund management services to the partnerships under the Partnership Agreements after completion of the First Acquisition. When any of the Partnership Agreements is renewed or its terms are varied after completion of the First Acquisition, the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules.

The Master Agreement

The transactions contemplated under the Master Agreement will become continuing connected transactions for the Company upon completion of the First Acquisition. As the service fee under the Master Agreement is expected to be over 5% of the applicable percentage ratios under Rule 14.07 of the Listing Rules on an annual basis, the Master Agreement will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the Board meeting held to approve the transactions contemplated under this announcement, Mr. Li Shaofeng, Mr. Ding Rucai and Mr. Shu Hong, by virtue of their connection with Shougang Group, had abstained from voting for the resolutions proposed therein. Mr. Zhang Bingcheng did not attend the said Board meeting.

In addition to the Open Offer, Shougang Holding and its subsidiaries and their respective associates will also abstain from voting at the GM in respect of the resolutions proposed to approve the Acquisitions and the Master Agreement.

GENERAL

An independent board committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders as to whether the terms of the Acquisitions, the Open Offer and the Continuing Connected Transactions are fair and reasonable and as to voting in respect thereof at the GM. Astrum Capital Management Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details about the Acquisitions, the Open Offer and the Continuing Connected Transactions; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Acquisitions, the Open Offer and the Continuing Connected Transactions; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Acquisitions, the Open Offer and the Continuing Connected Transactions; and (iv) the notice convening the GM, will be despatched to the Shareholders on or before Monday, 25 September 2017.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that each of the Acquisitions, the Open Offer and the Continuing Connected Transactions is subject to the satisfaction of the conditions precedent or waiver thereof. Accordingly, each of the Acquisitions, the Open Offer and the Continuing Connected Transactions may or may not proceed.

Shareholders and potential investors are reminded to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Acquisitions”	the First Acquisition and the Second Acquisition;
“Application Form(s)”	the application form for the Open Offer Shares;
“associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Caofeidian Green Industry Fund Partnership Agreement”	the limited partnership agreement dated 21 December 2016 entered into among (i) the First Target Company (as the general partner), and (ii) Shougang Fund and (iii) Hebei Asset Shareholding Investment Fund Co. Ltd.* (河北省冀財產業引導股權投資基金有限公司), an independent third party (as limited partners);

“Caofeidian Qiaochuang Investment Fund Partnership Agreement”	the limited partnership agreement dated 5 March 2017 entered into between (i) Beijing Qiaochuang Investment Management Co. Ltd.* (北京僑創投資管理有限公司, a limited liability company established in the PRC and a wholly owned subsidiary of the First Target Company) (as the general partner), and (ii) Shougang Fund) (as a limited partner);
“Caofeidian Urban Service Business Investment Fund Partnership Agreement”	the limited partnership agreement dated 11 March 2017 entered into among (i) the First Target Company (as the general partner), and (ii) Shougang Fund, (iii) Shougang Group and (iv) Beijing Shougang Shareholding Investment Management Co. Ltd.* (北京首鋼股權投資管理有限公司, a limited liability company established in the PRC and a wholly owned subsidiary of Shougang Group) (as limited partners);
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time);
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in the Hong Kong with limited liability whose issued Shares are listed on the Stock Exchange (stock code: 697);
“connected person”	has the meaning as ascribed thereto under the Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Master Agreement;
“controlling shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“First Acquisition”	the acquisition by the First Purchaser of the First Sale Shares;

“First Agreement”	the agreement dated 8 September 2017 between the First Purchaser and Shougang Fund in respect of the First Acquisition;
“First Purchaser”	Jingji (Hong Kong) Limited (京冀(香港)有限公司), a company established in Hong Kong, a wholly-owned subsidiary of the Company;
“First Sale Shares”	95% of the equity interest in the First Target Company;
“First Target Company”	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, which is held as to 95% and 5% by Shougang Fund and Ultimate Sense Limited (which is independent of the Company and its connected persons), respectively, immediately before completion of the First Acquisition;
“GM”	the general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Acquisitions, the Open Offer, the Continuing Connected Transactions and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Health Business Fund Partnership Agreement”	the limited partnership agreement dated 30 November 2016 entered into among (i) the First Target Company (as the general partner), and (ii) Shougang Fund, (iii) Mr. Mo Siming*(莫思銘) and (iv) Mr. Cai Shouping*(蔡守平) (as limited partners);
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Huizhong Medical Investment Fund Partnership Agreement”	the limited partnership agreement dated 20 December 2016 entered into between (i) the First Target Company (as the general partner), and (ii) Shougang Fund (as a limited partner);

“Independent Shareholders”	any Shareholder other than controlling shareholders and their associates;
“Jilin Shougang Industry Fund Partnership Agreement”	the limited partnership agreement dated 29 December 2016 entered into among (i) Shougang Dongbei Zhenxing Industry Fund Management Co. Ltd.* (首鋼東北振興產業基金管理有限公司, a limited liability company established in the PRC and a wholly owned subsidiary of the First Target Company) (as the general partner), and (ii) Shougang Fund, (iii) Jilin Shareholding Fund Investment Co. Ltd* (吉林省股權基金投資有限公司) and (iv) Jilin Chuangxin Corporation Investment Co. Ltd* (吉林省創新企業投資有限公司) (as limited partners);
“Jingxi Guigu Innovation Investment Centre Partnership Agreement”	the limited partnership agreement dated 8 February 2017 entered into between (i) Beijing Hengtai Shengyuan Investment Management Co. Ltd.* (北京恒泰盛源投資管理有限公司, a limited liability company established in the PRC and a wholly owned subsidiary of the First Target Company) (as the general partner), and (ii) Shougang Fund (as a limited partner);
“Last Trading Day”	Thursday, 7 September 2017, being the last trading day of the Shares on the Stock Exchange immediately prior to the date of publication of this announcement;
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 8 November 2017 or such other date and/or time as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Open Offer Shares as described in the Prospectus;
“Latest Time for Termination”	4:00 p.m. on Thursday, 9 November 2017, or such later time and date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Master Agreement”	the agreement dated 8 September 2017 entered into between the Company and Shougang Fund in respect of the provision of private fund management services by the Group (including the First Target Company and its subsidiaries upon completion of the First Acquisition) to Shougang Fund and/or its associates;
“Non-Qualifying Shareholder(s)”	those Overseas Shareholders whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient to exclude such Shareholders from the Open Offer on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction;
“Open Offer”	the proposed issue of the Open Offer Shares by way of open offer to the Qualifying Shareholders on the basis of one (1) Open Offer Share for every one (1) existing Share held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents;
“Open Offer Share(s)”	8,957,896,227 new Shares to be allotted and issued under the Open Offer;
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong;
“Partnership Agreements”	collectively, the Huizhong Medical Investment Fund Partnership Agreement, the Caofeidian Qiaochuang Investment Fund Partnership Agreement, the Jilin Shougang Industry Fund Partnership Agreement, the Health Business Fund Partnership Agreement, the Jingxi Guigu Innovation Investment Centre Partnership Agreement, the Caofeidian Urban Service Business Investment Fund Partnership Agreement and the Caofeidian Green Industry Fund Partnership Agreement;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, will exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China;

“Prospectus”	the document containing details of the Open Offer to be despatched to the Qualifying Shareholders and, for information only, to the Non-Qualifying Shareholders;
“Prospectus Documents”	the Prospectus and the Application Form;
“Prospectus Posting Date”	Wednesday, 25 October 2017, or such other date as may be agreed between the Underwriters and the Company for the despatch of the Prospectus Documents;
“Qualifying Shareholder(s)”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders;
“Record Date”	Tuesday, 24 October 2017, or such other date as may be agreed between the Underwriter and the Company for the determination of the entitlements under the Open Offer;
“Registrar”	Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the share registrar of the Company;
“Second Acquisition”	the acquisition by the Second Purchaser of the Second Sale Shares;
“Second Agreement”	the agreement dated 8 September 2017 between the Second Purchaser and Shougang Fund in respect of the Second Acquisition;
“Second Purchaser”	Shouzhong (Hong Kong) Limited (首中(香港)有限公司), a company established in Hong Kong, a wholly-owned subsidiary of the Company;
“Second Sale Shares”	40% of the equity interest in the Second Target Company;

“Second Target Company”	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 held as to approximately 40%, 10.1%, 44.95% and 4.95% by Shougang Fund, Beijing Jianshi Tongxin Management Consultancy Centre* (北京堅石同心管理諮詢中心), Shenzhen Zhongji Investment Co., Ltd.* (深圳市中集投資有限公司) and Sonic Victory Limited, respectively, immediately before completion of the Second Acquisition;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	the holder(s) of Shares;
“Shougang Fund”	Beijing Shougang Funds Co., Ltd.*(北京首鋼基金有限公司), a limited liability company established in the PRC;
“Shougang Group”	Shougang Group Co., Ltd.* (首鋼集團有限公司), a solely stated-owned company established in the PRC, the holding company of Shougang Holding;
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong, the controlling shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	HK\$0.225 per Open Offer Share;
“Underwriter”	Shougang Holding;
“Underwriting Agreement”	the underwriting agreement dated 8 September 2017 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer;
“Underwritten Shares”	all the Open Offer Shares, less the number of Open Offer Shares which Shougang Holding and its subsidiaries are entitled to subscribe for under the Open Offer;

“Untaken Shares”

(i) the Open Offer Shares offered to the Qualifying Shareholders for which duly completed Application Forms (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be by the Latest Time for Acceptance and (ii) the Open Offer Shares to which the Non-Qualifying Shareholders would have been entitled had they been Qualifying Shareholders; and

“%”

per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB 1.00 = HK\$1.19885

* *For identification purposes only*

By order of the Board
**Shougang Concord International
Enterprises Company Limited**
Li Shaofeng
Managing Director

Hong Kong, 8 September 2017

As at the date of this announcement, the Board comprises Mr. Zhang Bingcheng (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Ding Rucai (Deputy Managing Director), Mr. Shu Hong (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai Cheung (Independent Non-executive Director).