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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)

DISCLOSEABLE TRANSACTION FORMATION OF FUND COMPANY

On 10 May 2019, Yuanrun Jinxiang, an indirect wholly-owned subsidiary of the Company, and Yatai Senbo entered into the Shareholders' Agreement to form the Fund Company, whereby the Fund Company will be owned as to 40.48% by Yuanrun Jinxiang and as to 59.52% by Yatai Senbo. The Fund Company shall be formed for the purpose of development and construction of high-quality infrastructure and properties located in the central areas of first-tier cities in the PRC.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 5% and all of the applicable percentage ratios are less than 25%, the formation of the Fund Company constitutes a disclosable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 10 May 2019, Yuanrun Jinxiang, an indirect wholly-owned subsidiary of the Company, and Yatai Senbo entered into the Shareholders' Agreement in relation to the formation of the Fund Company. Yuanruan Jinxiang and Yatai Senbo will adopt the Articles.

The principal terms of the Shareholders' Agreement are set out below:

Establishment of the Fund Company

The Fund Company will be established for a term of eight years. The term of the Fund Company may be extended for another two years or reduced as agreed by the Parties.

Jingji Capital will assist the Fund Company with completing the private fund filing with 中國證券投資基金業協會 (Asset Management Association of China*).

Capital Contribution

The total investment amount of the Fund Company is RMB3,560,000,000. The capital contribution will be made by the Parties in cash as follows:

Name of the Party	Capital Contribution (RMB)	% of Equity Interest in the Fund Company
Yuanrun Jinxiang	1,441,088,000	40.48%
Yatai Senbo	2,118,912,000	59.52%
Total:	3,560,000,000	100%

The capital contribution will be made in tranches at such time and in such amount as agreed by the Parties. The Parties may reduce the total investment amount of the Fund Company if the Fund Company does not require further capital contribution and has unused part of the contributed capital as at 31 December 2019.

The Fund Company will be accounted for as an associate of the Company.

The amount of capital contribution to be made by the Parties was arrived at after arm's length negotiations between the Parties having taken into account the expected capital requirements of the Fund Company. It is contemplated that the capital contribution payable by Yuanrun Jinxiang will be funded by internal resources of the Group.

Capital Contribution Guarantee of the Company

The Company undertakes to provide an irrevocable capital contribution guarantee in favour of Yatai Senbo if Yuanrun Jinxiang fails to perform its capital contribution obligation under the Shareholders' Agreement and its related penalty (if any).

Purpose of the Fund Company

The Fund Company will be engaged in the development and construction of high-quality infrastructure and properties located in the central areas of first-tier cities in the PRC. The Fund Company will be located in Beijing, the PRC.

Board composition

The board of directors of the Fund Company will consist of three (3) directors, one (1) of whom will be appointed by Yuanrun Jinxiang, and the remaining two (2) directors will be appointed by Yatai Senbo. The chairman of the board of directors of the Fund Company will be appointed by Yatai Senbo.

Restrictions on equity transfers

(1) Permitted transfer

Each Party may transfer its equity interest in all or in part in the Fund Company to the other Party.

Each Party may transfer its equity interest in all or in part in the Fund Company to its parent company or a subsidiary of the parent company. Yuanrun Jinxiang is entitled to transfer all or part of its equity interest in the Fund Company to Shougang Group's PRC subsidiaries. The transferring Party shall provide a 30 days' prior written notice of such transfer to the other Party.

(2) Right of first refusal

Each Party shall have a right of first refusal on transfer of all or part of the equity interest in the Fund Company held by the other Party, on such terms offered by a bona fide purchaser to the other Party proposing the transfer. The right of first refusal is inapplicable to item (1) above.

(3) Tag-along right

Subject to items (1) and (2) above, if a Party proposes to transfer all or part of its equity interest in the Fund Company to a third party, the other Party shall have the right to sell its equity interest on the same terms.

(4) Drag-along right

Subject to items (1) and (2) above, the relevant requirements of the Listing Rules and the approval obtained from approving authorities of the Company, after three years of the establishment of the Fund Company, Yatai Senbo may require Yuanrun Jinxiang to sell its equity interest in the Fund Company to a third party at a prevailing market value.

(5) Share pledge

A Party may not pledge its equity interest in the Fund Company to a third party without the prior written consent of the other Party.

Change of control

If there is a change of control of the actual controller of one Party (the “**CoC Party**”), unless it is agreed by the other Party, the CoC Party shall purchase the entire equity interest in the Fund Company held by the other Party at a normal market value to be determined by an independent third party valuer (if appointed) and approved unanimously by the board of directors of the Fund Company.

Distribution of profit

Profit after taxation available for distribution will be distributed to the Parties pro-rata to their respective capital contribution in the Fund Company.

Fund Manager

Jingji Capital will be engaged as fund manager to provide investment management and daily operation management services to the Fund Company. The Fund Company will enter into a management agreement with Jingji Capital.

The Fund Company shall pay Jingji Capital an annual management fee of 0.2% of the Fund Company's paid-in registered capital.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHAREHOLDERS' AGREEMENT

The Group's business focuses on the management and operations of car parking assets and management of private funds that are oriented towards urban redevelopment. Accordingly, the Company continues to focus on the development potential and value of lands and properties located in the central areas in first-tier cities in the PRC. The Company will introduce investors to invest in and develop high-quality infrastructure, office buildings and residential properties and other property forms through the establishment of real property private funds. After the development of the aforesaid infrastructure and properties, the Company expects to obtain good returns via property management, property leasing, property capital operation (such as asset-backed security) and other methods.

In view of the above, the Company partnered with Yatai Senbo to establish and participate in the management of the Fund Company for the purpose of development and construction of high-quality infrastructure and properties located in the central areas of first-tier cities in the PRC. The participation in the establishment and management of real property private funds, such as the Fund Company, with a focus on the development of high-quality projects can diversify the Company's asset investment portfolio and at the same time enable the Company to obtain good returns for the Shareholders. The establishment of the Fund Company is in line with the Group's long term development strategy.

The Directors consider that the Shareholders' Agreement and the Articles have been entered into after arm's length negotiations between the Parties and based on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE SHAREHOLDERS' AGREEMENT

The Group mainly focuses on the management and operations of car parking assets and management of private funds that are oriented towards urban redevelopment.

Yatai Senbo is a company established in the PRC with limited liability and is principally engaged in pulp and paper production business.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Yatai Senbo and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company in accordance with the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 5% and all of the applicable percentage ratios are less than 25%, the formation of the Fund Company constitutes a disclosable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Articles”	the articles of association entered into among Yuanrun Jinxiang and Yatai Senbo on 10 May 2019 in relation to the establishment of the Fund Company
“Company”	Shougang Concord International Enterprises Company Limited (stock code: 697), a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fund Company”	a limited liability company to be established in the PRC pursuant to the Shareholders' Agreement as a private fund in the form of limited liability company subject to completing the private fund filing with 中國證券投資基金業協會 (Asset Management Association of China*)
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jingji Capital”	京冀協同發展示範區(唐山)基金管理有限公司 (Beijing-Hebei Co-development Exhibition Zone (Tangshan) Fund Management Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party”	either party to the Shareholders’ Agreement
“Parties”	Yuanrun Jinxiang and Yatai Senbo
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the Shareholders’ Agreement dated 10 May 2019 entered into among Yuanrun Jinxiang and Yatai Senbo in relation to the formation of the Fund Company
“Shougang Group”	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a solely stated-owned company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yatai Senbo”	亞太森博(山東)漿紙有限公司(Asia Symbol (Shandong) Pulp and Paper Co., Ltd.*), a limited liability company established in the PRC and a subsidiary of Asia Symbol Rizhao Pte. Ltd. as at the date of this announcement

“Yuanrun Jinxiang” 北京源潤瑾祥企業管理有限公司 (Beijing Yuanrun Jinxiang Enterprises Management Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement

“%” percentage

* *For reference purposes only, the Chinese names of the PRC entities, addresses or terms have been translated into English in this announcement. In the event of any discrepancies between the Chinese names of these PRC entities, addresses or terms and their respective English translations, the Chinese version shall prevail.*

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

Hong Kong, 10 May 2019

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