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

CONNECTED TRANSACTION

ACQUISITION OF EQUITY INTEREST IN SHOZHONG PARKING

On 27 March 2020, Shouxing Zhixing, an indirect wholly-owned subsidiary of the Company, and Shougang Fund entered into the Agreement in respect of the Acquisition.

Subject to the fulfilment or wavier of the conditions precedent set out in the Agreement, Shougang Fund shall sell and Shouxing Zhixing shall acquire 33.136% equity interest in Shouzhong Parking, representing RMB72,900,000 in the registered capital of Shouzhong Parking, at the consideration of RMB94,410,000.

As at the date hereof, Shougang Group indirectly holds 36.75% of the issued Shares and is a connected person of the Company. Shougang Fund is a wholly-owned subsidiary of Shougang Group and indirectly holds 13.26% of the issued Shares and hence a connected person of the Company. As one or more of the applicable percentage ratios are more than 0.1% but all are less than 5%, the Acquisition constitutes a connected transaction of the Company and is subject to the announcement and reporting requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE AGREEMENT

On 27 March 2020, Shouxing Zhixing, an indirect wholly-owned subsidiary of the Company, and Shougang Fund entered into the Agreement in respect of the Acquisition.

The principal terms of the Agreement are set out below:

Date

27 March 2020

Parties

- (1) Shouxing Zhixing, as transferee; and
- (2) Shougang Fund, as transferor.

The Acquisition

Subject to the fulfilment or waiver of the conditions precedent set out in the Agreement, Shougang Fund shall sell and Shouxing Zhixing shall acquire 33.136% equity interest in Shouzhong Parking, representing RMB72,900,000 in the registered capital of Shouzhong Parking, at the consideration of RMB94,410,000 (the “**Consideration**”).

Consideration and payment terms

The Consideration shall be paid by Shouxing Zhixing to Shougang Fund in one lump sum by way of deposit into the bank account designated by Shougang Fund within 5 business days upon fulfilment or waiver of the conditions precedent set out in the Agreement and no later than 30 April 2020. The Consideration will be funded by internal resources of the Group.

The Consideration was determined after arm’s length negotiation between the parties with reference to (i) the net asset value and net profit (before and after tax) of Shouzhong Parking as at 30 June 2019 and 31 December 2019; (ii) the future development potential of Shouzhong Parking; (iii) operation experience and model of parking project of transportation hub; and (iv) effect of economies of scale brought from integration.

Conditions precedent

The completion of the Acquisition shall be conditional upon and subject to:

- (1) the Agreement and other legal documents necessary for the Acquisition (including but not limited to the applicable equity transfer agreement, joint venture agreement, the articles of association of Shouzhong Parking and waivers of pre-emptive right by the other equity holders) being duly executed by relevant parties;
- (2) the warranties and undertakings given by Shougang Fund and Shouxing Zhixing under the Agreement being and remaining true and accurate and complete and binding from the date of the Agreement and up to the date of full payment of the Consideration;
- (3) Shouzhong Parking having completed the industrial and commercial registration with the relevant examination and approval authority in the PRC in respect of the Acquisition (“**Transfer Registration**”); and
- (4) there being no material adverse events, occurrence of which have resulted in or are reasonably expected to give rise to a material adverse effect on the financial condition, business, operating results, future prospects of Shouzhong Parking; or on the ability of Shouzhong Parking and relevant parties in completing the transactions contemplated or performing their obligations under the Agreement from the date of the Agreement and up to the date of full payment of the Consideration.

The conditions above may be waived by Shouxing Zhixing in writing. In the event that Shouzhong Parking has completed the Transfer Registration, Shouxing Zhixing shall be deemed to have waived all other conditions precedent and shall pay the Consideration in full

within 5 business days after completion of the Transfer Registration, failing which Shouxing Zhixing shall be subject to a daily penalty of 0.05% of any unpaid sum.

Further, if any conditions precedent are so waived by Shouxing Zhixing in accordance with the Agreement, Shougang Fund should fulfill the obligations of such waived conditions within the period stipulated by Shouxing Zhixing unless otherwise agreed by Shouxing Zhixing in writing.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Shouzhong Parking was established in November 2016 by Shougang Fund, Shouzhong Investment and Gonglian Anda in connection with Beijing Daxing International Airport (“**Daxing Airport**”) parking building project and has since engaged in operation and management of airport parking buildings.

In June 2019, the Company successfully entered into contracts with Daxing Airport in respect of operating taxi parking lots, whereby the Company obtained the full operation rights of Daxing Airport’s parking facilities.

As China’s super-large integrated transportation hub for international aviation, Daxing Airport has the world’s largest single terminal. Daxing Airport’s long-term planned annual passenger throughput is 100 million person-time. Daxing Airport and its parking buildings were put into operation on 26 September 2019.

After the completion of the capital increase by Shouxing Zhixing in January 2019, Shouzhong Parking made great breakthroughs in non-parking innovative business of Daxing Airport, especially in advertising business, which increased the expected return rate of Shouzhong Parking significantly. Increasing equity interest in Shouzhong Parking will not only enable the Company to obtain better returns, but also benefit the overall development of the Company's innovative business as a whole. With Daxing Airport project as a basis, the Company will further explore the value of parking flow more deeply and form a network effect with other parking projects to achieve synergy development in non-parking innovative business.

As announced by the Company in an announcement on 8 October 2019, the Company and Beijing Capital International Airport Co., Ltd. also entered into a cooperation agreement relating to the transfer of operation rights of car parking buildings and lots in Beijing Capital International Airport. This means that the Company will operate parking buildings and lots of two airports in Beijing, amounting to approximately 15,000 parking spaces, at the same time. The Company will become the only parking service provider in Beijing’s airport field, forming a "one city, two airports" operation pattern in Beijing.

In operating these parking projects in the two airports, the Company will provide clients with more diversified, personalized and technological parking products through integrated operation. Parking business will be extended towards the direction of innovative business, breaking the traditional parking mode and achieving “smart platform + boundaryless retail + media perception + credit life”, implanting adaptive parking products into the parking space to enhance the value of parking assets, and upgrading the customer experience to build a "ten-fold better" benchmark for the parking industry.

Operating two airport projects will bring significant economies of scale, including but not limited to reducing unit operating costs. In addition, the branding effect will also contribute to

future business development and corporate image of the Company.

After the increase of Shouxing Zhixing's equity interest in Shouzhong Parking through the Acquisition, the Company will participate more extensively in projects of Daxing Airport. In addition to obtaining higher economic benefits brought by economies of scale and branding effect, it will also contribute to accumulating operation experience of parking project of transportation hub, a segment the Company wishes to further expand its leading advantage in the future.

INFORMATION ON SHOZHONG PARKING

Reference is made to the announcements of the Company dated 30 December 2018 and 14 January 2019 and the circular of the Company dated 21 February 2019.

Shouzhong Parking, principally engaged in management of motor vehicle parking, is a joint venture company established in November 2016 under the laws of the PRC with limited liability. Upon contribution of RMB76,000,000 made by Shouxing Zhixing in January 2019, the registered capital of Shouzhong Parking increased to RMB220,000,000, of which the Company (through Shouzhong Investment and Shouxing Zhixing), Shougang Fund and Gonglian Anda had contributed RMB145,300,000, RMB72,900,000 and RMB1,800,000, respectively. As at the date of this announcement, the Company (through Shouzhong Investment and Shouxing Zhixing), Shougang Fund and Gonglian Anda hold approximately 66.046%, 33.136% and 0.818% of the equity interest in Shouzhong Parking, respectively. Upon completion of the Acquisition, the Company (through Shouzhong Investment and Shouxing Zhixing) and Gonglian Anda will hold approximately 99.182% and 0.818% of the equity interest in Shouzhong Parking respectively and accordingly, Shouzhong Parking will continue to be accounted for as a subsidiary of the Company.

Shougang Fund acquired the 33.136% (equivalent to 50.625% as at the date of its capital contribution) equity interest in Shouzhong Parking, representing RMB72,900,000 in the registered capital of Shouzhong Parking, by way of capital contribution in the amount of RMB72,900,000 when Shouzhong Parking was established in 2016.

The capital structure of Shouzhong Parking before and after completion of the Acquisition is set out below:

	Before completion of the Acquisition		After completion of the Acquisition	
	Capital Contribution (RMB)	Percentage	Capital Contribution (RMB)	Percentage
Shougang Fund	72,900,000	33.136%	-	-
Gonglian Anda	1,800,000	0.818%	1,800,000	0.818%
The Group				
- <i>Shouzhong Investment</i>	69,300,000	31.500%	69,300,000	31.500%
- <i>Shouxing Zhixing</i>	76,000,000	34.546%	148,900,000	67.682%
Total	220,000,000	100%	220,000,000	100%

Upon completion of the Acquisition, the Company's aggregate indirect equity interest in Shouzhong Parking will be increased from approximately 66.046% to approximately 99.182% and accordingly, Shouzhong Parking will remain as a non-wholly owned subsidiary of the

Company and the financial results of Shouzhong Parking will be consolidated into the results of the Group after the Acquisition.

Based on the audited financial statements for the six months ended 30 June 2019 and the unaudited management accounts for the financial year ended 31 December 2019 of Shouzhong Parking, which were prepared in accordance with the PRC GAAP, the net asset value of Shouzhong Parking was approximately RMB222,461,760.55 and RMB212,260,601.29 respectively.

The net profits (both before and after tax) of Shouzhong Parking for the financial year ended 31 December 2019 based on the unaudited management accounts and for the financial year ended 31 December 2018 based on the audited financial statements of Shouzhong Parking which were prepared in accordance with the PRC GAAP, are set out below:

	For the year ended 31 December 2019	For the year ended 31 December 2018
	<i>RMB</i>	<i>RMB</i>
Profit/(loss) before taxation	(6,724,296.38)	13,610,006.41
Profit/(loss) after taxation	(10,005,382.64)	5,586,219.75

INFORMATION ON THE PARTIES

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

Shouxing Zhixing

Shouxing Zhixing is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Shouxing Zhixing is principally engaged in operation and management of parking lot for motor vehicles.

Shougang Fund

Shougang Fund is a company established in the PRC with limited liability and is principally engaged in the investment, management and advisory services of non-securities businesses.

IMPLICATIONS UNDER THE LISTING RULES

As at the date hereof, Shougang Group indirectly holds 36.75% of the issued Shares and is a connected person of the Company. Shougang Fund is a wholly-owned subsidiary of Shougang Group and indirectly holds 13.26% of the issued Shares, and hence a connected person of the Company. As one or more of the applicable percentage ratios are more than 0.1% but all are less than 5%, the Acquisition constitutes a connected transaction of the Company and is subject to the announcement and reporting requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Zhao Tianyang, Mr. Xu Liang and Mr. Liang Hengyi, by virtue of their connection with Shougang Group, have abstained from voting on the Board resolutions proposed to approve the Agreement and the transactions contemplated thereunder (including the Acquisition). Save

as disclosed, none of the Directors has any material interest in the Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the terms of the Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the terms thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Acquisition”	the acquisition of 33.136% of the equity interest in Shouzhong Parking by Shouxing Zhixing from Shougang Fund;
“Agreement”	the agreement dated 27 March 2020 between Shouxing Zhixing and Shougang Fund in relation to the Acquisition;
“Board”	the board of directors of the 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;
“Consideration”	has the meaning ascribed to it under the section headed “The Acquisition” of this announcement;
“Director(s)”	the director(s) of the Company;
“Gonglian Anda”	北京靜態交通安達停車管理有限公司 (Beijing Static Traffic Anda Parking Management Co., Ltd.*) (formerly known as 北京公聯安達停車管理有限公司 (Beijing Gonglian Anda Car Parking Management Co., Ltd.*)), a limited liability company established in the PRC;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“PRC GAAP”	the Generally Accepted Accounting Practices in the PRC;
“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);
“Shougang Fund”	北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd.*), a limited liability company established in the PRC and a substantial shareholder of the Company;
“Shougang Group”	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a solely state-owned company established in the PRC and a connected person of the Company;
“Shouxing Zhixing”	北京首興智行停車場管理有限公司 (Beijing Shouxing Zhixing Parking Management Co., Ltd.*) (formerly known as 北京首興智行投資有限公司 (Beijing Shouxing Zhixing Investment Co., Ltd.*)), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Shouzhong Investment”	首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Shouzhong Parking”	北京首中停車管理有限公司 (Beijing Shouzhong Car Parking Management Co., Ltd.*), a limited liability company established in the PRC, which is held as to 66.046% by the Company (through Shouzhong Investment and Shouxing Zhixing), 33.136% by Shougang Fund and 0.818% by Gonglian Anda as at the date of the Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules; and
“%”	Percentage.

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

Hong Kong, 27 March 2020

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (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, Ms. Zhang Quanling and Dr. Qiao Yongyuan as Independent Non-executive Directors.

**For identification purposes only*