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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 AND CONNECTED TRANSACTION
FINANCE LEASE ARRANGEMENT**

On 2 February 2018, Chengdu Shouzhong, an indirect non wholly-owned subsidiary of the Company, entered into the Lease Agreement with South China Leasing, pursuant to which South China Leasing has agreed to provide finance lease to Chengdu Shouzhong by way of sale and leaseback the Leased Assets to Chengdu Shouzhong for a term of 1 year.

As at the date of this announcement, Shougang Group is interested in approximately 65.49% of the total number of shares of the Company in issue and approximately 50.54% of the issued share capital of Shougang Grand. South China Leasing is held as to 75% by Shougang Grand and 25% by Shougang Holding which is a wholly-owned subsidiary of Shougang Group. As such, South China Leasing is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transaction contemplated under the Lease Agreement between South China Leasing and Chengdu Shouzhong constitutes a connected transaction for the Company under the Listing Rules.

As all applicable percentage ratios in respect of the transaction contemplated under the Lease Agreement are more than 0.1% but less than 5%, the Lease Agreement is subject to the reporting, announcement and annual review requirements under the Listing Rules, but is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the percentage ratio of the alternative profit test in respect of the transaction contemplated under the Lease Agreement is more than 5% but less than 25%, the transaction contemplated under the Lease Agreement between South China Leasing and Chengdu Shouzhong also constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 2 February 2018, Chengdu Shouzhong, an indirect non wholly-owned subsidiary of the Company, entered into the Lease Agreement with South China Leasing, pursuant to which South China Leasing has agreed to provide finance lease to Chengdu Shouzhong by way of sale and leaseback the Leased Assets to Chengdu Shouzhong for a term of 1 year.

LEASE AGREEMENT

Date of the Lease Agreement

2 February 2018

Parties to the transaction

Lessor: South China Leasing; and

Lessee: Chengdu Shouzhong, is principally engaged in the investment in, and management of car parks.

Subject of the transaction

South China Leasing will purchase the Leased Assets from Chengdu Shouzhong at a consideration of RMB60,000,000 (equivalent to approximately HK\$73,170,732). The Leased Assets will then be leased back to Chengdu Shouzhong by South China Leasing for one year. At the end of the term of the Lease Agreement, Chengdu Shouzhong will purchase the Leased Assets at a nominal purchase price of RMB1 (equivalent to approximately HK\$1.22).

Lease payments

The aggregate lease payments payable to South China Leasing under the Lease Agreement shall be approximately RMB63,345,833 (equivalent to approximately HK\$77,251,016), comprising (i) the principal amount of RMB60,000,000 (equivalent to approximately HK\$73,170,732); and (ii) interest of approximately RMB3,345,833 (equivalent to approximately HK\$4,080,284), calculated based on a fixed annual interest rate of 5.5%. The interest will be payable by 4 instalments on a quarterly basis while the principal amount together with the final instalment of interest shall be payable to South China Leasing at the end of the term of the Lease Agreement. South China Leasing is also entitled to a handling fee of RMB900,000 (equivalent to approximately HK\$1,097,561), payable by the Chengdu Shouzhong, in one lump sum prior to the commencement of the lease term.

The above terms were agreed between the parties upon arm's length negotiations with reference to the prevailing market rates.

Guarantee

Shouzhong, the holding company of the Chengdu Shouzhong, will provide a guarantee in favour of South China Leasing in respect of the obligations of the Chengdu Shouzhong under the Lease Agreement.

Renewal

Prior the end of the Lease Agreement, the parties may extend the term of the lease for another year upon mutual agreement at a fixed annual interest rate of 7.15% for such extended period.

REASONS FOR THE LEASE AGREEMENT

The Company and its subsidiaries are principally engaged in (i) trading of iron ore, steel and related products; (ii) the business of car parking system and services in the PRC with a focus on smart car parking system; and (iii) the business of the provision of private fund management services in the PRC.

South China Leasing is principally engaged in the business of finance leasing in the PRC.

The Lease Agreement was entered into in the ordinary and usual course of business of Chengdu Shouzhong and under normal commercial terms. The entering into of the Lease Agreement will enable Chengdu Shouzhong to finance its investment.

Given that the Lease Agreement is entered into in the ordinary and usual course of business of Chengdu Shouzhong and is under normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the Lease Agreement are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

GENERAL

As at the date of this announcement, Shougang Group is interested in approximately 65.49% of the total number of shares of the Company in issue and approximately 50.54% of the issued share capital of Shougang Grand. South China Leasing is held as to 75% by Shougang Grand and 25% by Shougang Holding which is a wholly-owned subsidiary of Shougang Group. As such, South China Leasing is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transaction contemplated under the Lease Agreement between South China Leasing and Chengdu Shouzhong constitutes a connected transaction for the Company under the Listing Rules.

As all applicable percentage ratios in respect of the transaction contemplated under the Lease Agreement are more than 0.1% but less than 5%, the Lease Agreement is subject to the reporting, announcement and annual review requirements under the Listing Rules, but is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the percentage ratio of the alternative profit test in respect of the transaction contemplated under the Lease Agreement is more than 5% but less than 25%, the transaction contemplated under the Lease Agreement between South China Leasing and Chengdu Shouzhong also constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

At the Board meeting held to approve the Lease Agreement, Messrs. Li Shaofeng, Shu Hong, Leung Shun Sang, Tony and Liu Jingwei might be considered to be interested in the transactions under the Lease Agreement and had abstained from voting in respect of the resolutions proposed to approve the Lease Agreement. Mr. Zhao Tianyang might be considered to be interested in the transactions under the Lease Agreement, did not attend the Board meeting to approve the Lease Agreement and did not vote for the resolutions approving the Lease Agreement. Other Directors (including the independent non-executive

Directors) were of the view that the Lease Agreement is fair and reasonable and is in the interests of the Company and the shareholders of the Company as a whole.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“Chengdu Shouzhong”	成都首中易泊停車場管理有限公司 (Chengdu Shouzhong Easy Parking Management Ltd.*), a limited company established in the PRC;
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease Agreement”	the lease agreement dated 2 February 2018 between Chengdu Shouzhong and South China Leasing, pursuant to which South China Leasing has agreed to provide finance lease to Chengdu Shouzhong by way of sale and leaseback the Leased Assets to Chengdu Shouzhong;
“Leased Assets”	the underground carpark (comprising 1,457 car parking spaces) located at no. 222 Ji Rui Wu Road, Gaoxin District, Chengdu, Sichuan Province, PRC, representing the state-owned construction land use rights/the property (building) ownership rights of a commercial land with shared parcel of land area of 20,551.37 square meters and property floor area of 46,870.09 square meters;
“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;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shougang Grand”	Shougang Concord Grand (Group) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Shougang Group”	Shougang Group Co., Ltd.* (首鋼集團有限公司), a solely stated-owned company established in the PRC;
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability;
“Shouzhong”	首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd.*), a company established in the PRC which is 44.94% owned subsidiary of the Company;
“South China Leasing”	South China International Leasing Company Limited, a company established in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	Percentage.

Unless otherwise specified in this announcement, translations of RMB into HK\$ is made in this announcement, for illustration only, at the rate of HK\$1.00 to RMB0.82. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

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

2 February 2018

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

** For identification purpose only*