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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 FORMATION OF FUND COMPANY**

On 8 May 2018, Jingji Capital, a wholly-owned subsidiary of the Company, entered into the Shareholders' Agreement with Shougang Group for the establishment of 北京首鋼產業轉型基金有限公司 (Beijing Shougang Industry Transformation Fund Co., Ltd.\*).

Shougang Group, through its subsidiaries, is interested in approximately 61.876% of the total number of Shares in issue as at the date of this announcement and is a substantial shareholder and a connected person of the Company. Accordingly, the entering into of the Shareholders' Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Company's capital commitment under the Shareholders' Agreement, when aggregated with the Previous Transactions, are more than 0.1% but less than 5%, the entering into of the Shareholders' Agreement is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **REASON FOR THE FUND COMPANY**

The Fund Company is established to support the development of 新首鋼高端產業綜合服務區 (New Shougang High-end Industry Comprehensive Service Park\*) ("**Shougang Park**").

Shougang Park, covers an area of 8.63 square kilometers, is the only area in Beijing that can be developed with large-scale and closely-grouped development. The development and construction of Shougang Park is a major strategy to optimize the function of the capital, to adjust the planning of major productive forces, and to promote the coordinated development of the population, resources, as well as the environment in the capital.

In recent years, under the strong support of the municipal party committee, municipal government and the general public, Shougang Group has been following Beijing's latest urban planning and governance concept and in accordance with the orientation of building a transforming and upgrading green zone, high-end industrial innovative highland in Beijing-west and a post-industrial, cultural, sports and creative base, which are meticulously polished and innovative. We strive to build the Shougang Park into a lively practice of the Olympics to promote urban development and the revival of old industrial zone.

At present, the construction, infrastructure and the key projects in Shougang Park continues to accelerate. These projects include S1 line which has been completed and in operation, the entry of Olympic Winter Games Organizing Committee and the kickoff of the construction of supporting facilities for the Winter Training Center of Sports Headquarter and the landing of workstations of the overseas scholars in Beijing. From 2018 to 2020, Shougang Group will concentrate its efforts on the construction of the north and southeast areas of Shougang old industrial zone. Shougang Group will strive to complete the construction of all industrial carriers in the Northern Region by 2021, making it a landmark of city rejuvenation with global influence.

The development of Shougang Park adopts the real estate financial model of "funds + bases + industries" to participate in the development, management, operation, and withdrawal of industrial carriers. Through having controlling shareholding or investing in the enterprises in the old industrial zone, it will lead the high-end industries concentrating in the area and promote regional development, transformation and upgrade. Shougang Group aim to have joint development of Shougang Park through strong cooperation with the world's leading park-development operators. The establishment of the fund company plays an active role in promoting the development of Shougang Park.

## **THE FUND COMPANY**

On 8 May 2018, Jingji Capital, a wholly-owned subsidiary of the Company, entered into the Shareholders' Agreement with Shougang Group for the establishment of the Fund Company. Jingji Capital and Shougang Group will adopt the Articles of the Fund Company.

### **Establishment of the Fund Company**

The Fund Company will be established for a term of eight years. The first four years of the term shall be the investment period, and the remaining years of the term shall be the exit period, during which the Fund Company shall not, aside from follow-on investments to existing investments, carry out any further investments. Subject to unanimous shareholders' agreement, the term of the Fund Company may be extended for two years.

The Fund Company will be accounted for as an investment of the Group in its financial statements.

### **Information on the parties to the Shareholders' Agreement**

Shougang Group, through its subsidiaries, is interested in approximately 61.876% of the total number of Shares in issue as at the date of this announcement and is a substantial shareholder and a connected person of the Company. Founded in 1919 with a history of nearly 100 years, Shougang Group is a large-scale enterprise group with cross-industry, cross-regional, cross-ownership and multinational operations. In recent years, Shougang Group has reformed

comprehensively and has entered a new phase of transformation and development in an all-round way. Through the building of a new capital operation platform, it has realized a balanced and coordinated development of steel and urban integrated services providers.

Jingji Capital is a wholly-owned subsidiary of the Company. It is principally engaged in the provision of private fund management services in the PRC.

### **Business Scope**

The business scope of the Fund Company shall be (i) invest in companies with high-quality real estate projects with industrial resources, construction and operation capabilities, and at the same time, exploit the advantages of fund integration of industrial resources and park investment operation, promote park development, construction and operation management, and provide diversified value-added services; (ii) invest in companies with industrial carrier projects with properties or building and operation rights, through the fund integration projects to set up management, investment management aspects of quality resources, integrates and gather high-end industries that are in line with the park's positioning, and shares revenue from asset appreciation and operating income of the projects; and (iii) revolving the positioning of Shougang's old industrial zone, focusing on investment in smart parking, medical and health, incubation and development of emerging industries, and cultural and sports projects. Through innovative business models and financial measures, investment arrangement will be made in the entire country and the Fund Company shall actively introduce upstream and downstream companies into Shougang old industrial zone, or through the establishment of subsidiaries and other models to promote the development of high-end industrial clusters, to promote the refinement of the city functions of Shougang old industrial zone and to adjust industrial structure thoroughly.

### **Capital contribution to the Fund Company**

The target total capital contribution to the Fund Company is RMB10,000 million. The initial registered capital of the Fund Company will be RMB3,100 million and contributed by Jingji Capital and Shougang Group:

	<b>Amount to be contributed RMB</b>	<b>Percentage interest in the Fund Company</b>
Shougang Group	3,000,000,000	96.8%
Jingji Capital	100,000,000	3.2%
<b>Total</b>	<b>3,100,000,000</b>	<b>100%</b>

The above initial capital contributions will be paid as follows:

	<b>Before 30 June 2018 RMB</b>	<b>Before 31 December 2019 RMB</b>
Shougang Group	1,800,000,000	1,200,000,000
Jingji Capital	60,000,000	40,000,000

The second additional registered capital of RMB5,000,000,000, which will be made by Shougang Fund.

The third additional additional capital of RMB1,900,000 which will be raised by Fund Manager.

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.

### **Fund Manager**

Jingji Capital will act as Fund Manager to the Fund Company, and its responsibility for the Fund Company will include (i) filings; (ii) promotion and fundraising; (iii) investment and daily operations; and (iv) information disclosure obligations. The Fund Company will enter into a management agreement with Jingji Capital.

The Fund Manager shall set up an investment committee to decide on investment and exit decisions of the Fund Company.

### **Board of Directors and Senior Management**

The board of directors of the Fund Company will comprise three directors, who shall be appointed after approval by the shareholders' meeting of the Fund Company. Shougang Group shall nominate one director and Jingji Capital shall nominate two directors.

The chairman of the board shall be a director nominated by Jingji Capital, who shall be appointed after approval by the board of the Fund Company.

The supervisor of the Fund Company shall be nominated by Jingji Capital, who shall be appointed after approval by the shareholders' meeting of the Fund Company.

The general manager and legal representative of the Fund Company shall be a director nominated by Jingji Capital, who shall be appointed after approval by the board of the Fund Company.

### **Management fee**

The Fund Company shall pay the Fund Manager an annual management fee of 1.5% of the Fund Company's subscribed registered capital.

### **Profit Distribution**

The Fund Manager will distribute profits in the following order:

- (i) to Shougang Group up to its paid-in capital contribution amount;
- (ii) to Jingji Capital up to its paid-in capital contribution amount;
- (iii) to Shougang Group until Shougang Group achieves an annual rate of return of 5% to its paid-in capital; and
- (iv) for the remainder distributable profits, 20% will be distributed to Jingji Capital, and 80% will be distributed to Shougang Group.

## **Others**

The entering into of the Articles and Shareholders' Agreement is in the ordinary and usual course of business of the Group. At the Board meeting held to approve the establishment of the Fund Company and the Articles and Shareholders' Agreement, Mr. Zhao Tianyang, Mr. Li Shaofeng and Mr. Shu Hong had abstained from voting on the resolutions to approve the aforementioned matters, as they considered that they might be interested in the transactions contemplated thereunder.

Other Directors (including the independent non-executive Directors), considered that the Articles and the Shareholders' Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group, that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the establishment of the Fund Company is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Shougang Group, through its subsidiaries, is interested in approximately 61.876% of the total number of Shares in issue as at the date of this announcement and is a substantial shareholder and a connected person of the Company. Accordingly, the entering into of the Shareholders' Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Company's capital commitment under the Shareholders' Agreement, when aggregated with the Previous Transactions, are more than 0.1% but less than 5%, the entering into of the Shareholders' Agreement is subject to the reporting and announcement requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“%”	per cent.
“Articles”	the articles of association entered into among Shougang and Jingji Capital on 8 May 2018 in relation to the establishment of the Fund Company;
“Board”	the board of Directors;
“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”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;

“Fund Company”	a company whose proposed name is 北京首鋼產業轉型基金有限公司 (Beijing Shougang Industry Transformation Fund Co., Ltd.*) and which is to be established in the PRC pursuant to the Articles;
“Fund Manager”	Jingji Capital;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special administrative Region of the 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 a 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;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Previous Transactions”	the transactions in relation to (i) the agreement dated 12 February 2018 between Jingji Capital, Shougang Fund, 曹妃甸金融發展集團有限公司 (Caofeidian Financial Development Group Co., Ltd.*) and 招商證券資產管理有限公司 (China Merchants Securities Assets Management Co., Ltd.)* in relation to the establishment of 京冀曹妃甸協同發展示範區基金一期 (Beijing-Hebei Caofeidian Co-development Exhibition Zone Fund I*) for investment in 京冀曹妃甸協同發展示範區 (Beijing-Hebei Caofeidian Co-development Exhibition Zone*) and (ii) the partnership agreement dated 28 March 2018 between 黑龍江首和創業投資管理企業（有限合夥） (Heilongjiang Shouhe Venture Capital Limited Partnership*) with Shougang Fund, 黑龍江省科力高科技產業投資有限公司 (Heilongjiang Keli High Technology Industry Investment Co., Ltd.*) and 哈爾濱創業投資集團有限公司 (Harbin Venture Capital Group Co., Ltd.*) for the establishment of 黑龍江首科振興基金合夥企業（有限合夥） (Heilongjiang

Shouke Revitalization Fund Limited Partnership\*). Details of which are set out in the Company's announcements dated 12 February 2018 and 28 March 2018;

“Shareholder(s)”	holder(s) of the Shares;
“Shareholders’ Agreement”	the shareholders’ agreement dated 8 May 2018 between Jingji Capital and the Company in relation to the establishment of the Fund Company;
“Shares”	ordinary shares of the Company;
“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 wholly-owned subsidiary of Shougang Group;
“Shougang Group”	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a solely stated-owned enterprise established in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules.

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

Hong Kong, 8 May 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), Dr. Li Yinhui (Non-executive Director), Mr. Liu Jingwei (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*