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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 - ESTABLISHMENT OF PARTNERSHIP AND ENTERING INTO OF STRATEGIC INVESTMENT AGREEMENT**

#### **CONNECTED TRANSACTION – ESTABLISHMENT OF PARTNERSHIP**

On 13 July 2018, Shoushi Company, a non-wholly owned subsidiary of the Company, as the General Partner, entered into the Partnership Agreement with Shougang Fund, as a limited partner, for the establishment of 北京首獅銘智瑾信經濟諮詢企業（有限合夥）(Beijing Shoushi Ming Zhi Jin Xin Economic Consulting Firm (Limited Partnership)\*) in the form of limited partnership.

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 51.856% 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 Partnership 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 Partnership Agreement, when aggregated with the Previous Transactions, are more than 0.1% but less than 5%, the entering into of the Partnership Agreement is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **ENTERING INTO OF STRATEGIC INVESTMENT AGREEMENT**

On 13 July 2018, the Company entered into the strategic investment agreement with Shoushi Company, pursuant to which, the Company intends to act as a limited partner to make capital contribution of not more than RMB300 million to the Partnership.

## **CONNECTED TRANSACTION – ESTABLISHMENT OF PARTNERSHIP**

### **REASON FOR THE PARTNERSHIP**

The Partnership 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, covering an area of 8.63 square kilometers, is the only area in Beijing that allows large-scale and closely-grouped development. The development and construction of Shougang Park serves as a major strategy to optimise 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 preparation for the 2022 Winter Olympic Games, Shougang Park seized the opportunity of the moving-in of the Organising Committee for the Games by focusing on building a sports industry demonstration zone of the highest world-class standard based on the construction of winter sports stadium facilities by the General Administration of Sports of China.

The Partnership proposes to invest in the project named as 首奧產業園區 (Shouao Industrial Park\*). It is the area where the preparation of the 2022 Winter Olympic Games is made and the national sports industry demonstration zone is built. The project consists of six parcels of land, with a total planned gross floor area of approximately 167,240 square meters. The Shouao Industrial Park project is to provide Organising Committee for the Games with offices and ancillary premises for training, as well as to develop itself as an influential industrial park in China by introducing internationally well-known sports industry leaders, cultural and creative enterprises and technology innovation companies. Through leasing and operation, the Partnership will deliver good supporting services to the Winter Olympic Training Center and the Organising Committee, so as to enhance the capability of integration, innovation and international communication of, and to optimise industrial structure in the region.

Jingji Capital has made joint capital contribution to set up Shoushi Company with Beijing Shize, a subsidiary of Tishman Speyer Crown Equities 2007 L.L.C.

Shoushi Company, as the General Partner, will participate in the establishment of the Partnership. Located in the vicinity of the heart of Shougang Park, Shouao Industrial Park, the project the Partnership proposes to invest in and develop, is expected to generate positive revenue in the future. Besides, internationally well-known brands will be invited to participate in the investment and operation of the Partnership. Such move will help diversify the business strengths of Jingji Capital in urban redevelopment and the industrial park construction, and boost its operating results. It will also provide channels for future capital operation.

### **THE PARTNERSHIP AGREEMENT**

On 13 July 2018, Shoushi Company, a non-wholly owned subsidiary of the Company, as the General Partner, entered into the Partnership Agreement with Shougang Fund, as a limited partner, for the establishment of the Partnership which is to be named as 北京首獅銘智瑾信經濟諮詢企業（有限合夥）(Beijing Shoushi Ming Zhi Jin Xin Economic Consulting Firm (Limited Partnership)\*) in the form of limited partnership..

Shoushi Company will act as the General Partner and the executive partner of the Partnership, responsible for the management, control, decision-making and operation of the Partnership.

Shougang Fund, as a limited partner, will participate in the investment of the Partnership and support the development of Shougang Park.

## **INFORMATION ON THE GROUP AND THE PARTIES TO THE PARTNERSHIP AGREEMENT**

The Group is principally engaged in (i) the business of car parking facilities and investment operation in the PRC with a focus on smart car parking market; (ii) the business of provision of private fund management services in the PRC; and (iii) trading of iron ore, steel and related products.

Shougang Fund is principally engaged in the investment, management and advisory of non-securities businesses. Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 51.856% 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.

Shoushi Company is principally engaged in enterprise management advisory and economic information advisory (excluding investment advisory).

## **ESTABLISHMENT OF THE PARTNERSHIP**

The Partnership has a term for six years. Shoushi Company, as the General Partner, has the sole discretion to extend the term of the Partnership twice, each time for one year. The term of the Partnership, if it has already been extended for two years, may be further extended for one year by holding a partners' meeting. The initial first year of the duration of existence shall be the investment period. Depending on the operation needs of the Partnership, the General Partner may, at its sole discretion, extend the investment period for one year for one time only. The investment period shall be extended accordingly upon occurrence of force majeure event during that period.

The Partnership shall invest in a project in Beijing, China on the preparation for Shouao Industrial Park through a project company to be established and controlled directly or indirectly by it. The Partnership shall be principally engaged in enterprise management advisory (for projects subject to approval pursuant to the laws, approval must be obtained from relevant regulators prior to the commencement of any business activities.)

The entering into of the Partnership Agreement is in the ordinary and usual course of business of the Group. At the Board meeting approving the establishment of the Partnership and the Partnership Agreement, Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang and Mr. Liang Hengyi have abstained from voting in respect of the resolutions proposed to approve the establishment of the Partnership and the Partnership Agreement, as they may be considered to be interested in the transactions under the Partnership Agreement. Other Directors (including the independent non-executive Directors) consider that the Partnership Agreement have been entered into on normal commercial terms, such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the establishment of the Partnership is in the interests of the Company and the Shareholders as a whole.

## CAPITAL CONTRIBUTION TO THE PARTNERSHIP

The total committed capital contribution to the Partnership shall be RMB910 million, which shall be paid by Shougang Fund and Shoushi Company as follows:

	<b>Amount to be contributed</b> <i>RMB</i>	<b>Percentage interest in the Partnership</b>
Shougang Fund	900,000,000	98.90%
Shoushi Company	10,000,000	1.10%
Total	<u>910,000,000</u>	<u>100%</u>

Shoushi Company is committed to contribute RMB10 million under the Partnership Agreement. When the committed capital contribution of the Partnership shall be increased by way of introduction of additional limited partners, separate legal documents will be signed. If necessary, Shoushi Company will be committed to make further capital contribution upon completing internal decision-making process and complying with the relevant requirements (including but not limited to the Listing Rules).

## MANAGEMENT OF THE PARTNERSHIP

The Partnership, Shoushi Company and the Fund Managers shall enter into an entrusted management agreement. Jingji Capital and Shanghai Shiwei shall act as joint Fund Managers, providing management services to the Partnership. Among them, Jingji Capital shall be the chief manager (the “**Chief Manager**”) of the Partnership and Shanghai Shiwei shall be the associate manager (the “**Associate Manager**”) of the Partnership.

Shanghai Shiwei is a subsidiary of Tishman Speyer Properties, L.P, which in turn is a renowned U.S. company that invests in and manages commercial properties.

## MANAGEMENT FEE

Every year, the Partnership shall pay the Chief Manager and the Associate Manager a total of 1% of its total committed capital contribution as management fee.

## FUNDRAISING SERVICE FEE

The Partnership shall pay the General Partner and/ or its designated financial adviser(s), if any, a fundraising service fee in a total amount not exceeding 1% of its total committed capital contribution.

## PROFIT DISTRIBUTION

The Partnership shall distribute its profits in the following order:

- (i) to all of its partners (including the General Partner) up to their respective paid-in capital contribution amount;
- (ii) to all of its partners (including the General Partner) until they achieve an annual rate of return of 9% to their respective paid-in capital contribution amount; and
- (iii) the remaining distributable cash shall be distributed to Shoushi Company and Shougang Fund as to 20% and 80%, respectively.

## IMPLICATIONS UNDER THE LISTING RULES

Shougang Fund is a wholly-owned subsidiary of Shougang Group. Shougang Group, through its subsidiaries (including Shougang Fund), is interested in approximately 51.856% 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 Partnership 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 Partnership Agreement, when aggregated with the Previous Transactions, are more than 0.1% but less than 5%, the entering into of the Partnership Agreement is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## ENTERING INTO OF STRATEGIC INVESTMENT AGREEMENT

With the mission of "becoming a leading urban integrated services provider among Hong Kong listed companies, the Company intends to participate in the development and construction of Shougang Park through investing in the Partnership. In this regard, on 13 July 2018, the Company entered into the strategic investment agreement with Shoushi Company, pursuant to which, the Company intends to, acting as a limited partner (or through establishing a domestic entity or a third party designated by it), make capital contribution of not more than RMB300 million to the Partnership. The rights and obligations of each party and the details of contribution amount and method of the Company shall be finalised in the signed limited partnership agreement. When entering into such agreement, further announcement will be published by the Company pursuant to the Listing Rules.

**The Company may or may not enter into such partnership agreement and accordingly, the Company may or may not make the capital contribution. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares of the Company.**

## DEFINITIONS

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

"%" per cent;

“Beijing Shize”	北京獅澤投資管理有限公司(Beijing Shize Investment and Management Co., Ltd.*), a limited liability company established in the PRC and a subsidiary of Tishman Speyer Crown Equities 2007 L.L.C.;
“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 Mangers”	Jingji Capital and Shanghai Shiwei;
“General Partner”	Shoushi Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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;
“Partnership”	the limited partnership (proposed name: 北京首獅銘智瑾信經濟諮詢企業（有限合夥）(Beijing Shoushi Ming Zhi Jin Xin Economic Consulting Firm (Limited Partnership)*)) to be established in the PRC pursuant to the terms of the Partnership Agreement;
“Partnership Agreement”	the partnership agreement dated 13 July 2018 between Shougang Fund and Shoushi Company in relation to the establishment of the Partnership;
“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 among 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.*) for the establishment of the 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 the investment in 京冀曹妃甸協同發展示範區 (Beijing-Hebei Caofeidian Co-development Exhibition Zone*); (ii) the agreement dated 28 March 2018 among 黑龍江首和創業投資管理企業 (有限合夥) (Heilongjiang Shouhe Venture Capital Limited Partnership*), 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*); and (iii) the agreement dated 8 May 2018 between Jingji Capital and 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.*). For details, please refer to the Company’s announcements dated 12 February 2018, 28 March 2018 and 8 May 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Shiwei”	上海獅威投資諮詢有限公司 (Shanghai Shiwei Investment Advisory Co., Ltd.*) (and/ or its wholly owned subsidiary, 上海獅耀投資諮詢有限公司 (Shanghai Shiyao Investment Advisory Co., Ltd.*)), a limited liability company established in the PRC and a subsidiary of Tishman Speyer Properties, L.P.;
“Shareholder(s)”	holder(s) of the Shares;
“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 state-owned enterprise established in the PRC;

“Shoushi Company”	北京首獅管理諮詢有限公司 (Beijing Shoushi Management Advisory Co., Ltd.*), a limited liability company established in the PRC which is held by Jingji Capital and Beijing Shize as to 60% and 40%, respectively, and a non-wholly owned subsidiary of the Company as at the date of this announcement;
“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 of  
**Shougang Concord International  
Enterprises Company Limited**  
**Zhao Tianyang**  
*Chairman*

Hong Kong, 13 July 2018

*As at the date of this announcement, the Board 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 and Mr. Ho Gilbert Chi Hang as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao and Ms. Zhang Quanling as Independent Non-executive Directors.*

*\* for identification purpose only*