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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  
ACQUISITION AND CAPITAL INJECTION**

On 29 March 2019, the Purchaser, a wholly-owned subsidiary of the Company, Shougang Fund and the Target Company entered into the Agreement in respect of the Acquisition and the Capital Injection.

Subject to the fulfilment or waiver of the conditions precedent set out in the Agreement, (i) Shougang Fund shall sell and the Purchaser shall acquire 75% equity interest in the Target Company, representing RMB37,500,000 in the registered capital of the Target Company, at the consideration of RMB67,394,325; and (ii) the Purchaser shall contribute RMB89,859,100 to the capital of the Target Company, of which RMB50,000,000 will be contributed to the registered capital of the Target Company and the remainder to its capital reserve.

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 5% but all are less than 25%, the Acquisition and the Capital Injection in aggregate constitute a disclosable transaction for the Company and are subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Shougang Fund is a substantial shareholder of the Company and hence a connected person of the Company. As the percentage ratios (other than the profit ratio) are more than 0.1% but all are less than 5%, the Acquisition and the Capital Injection in aggregate constitute a connected transaction of the Company and are subject to the announcement and reporting requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

**THE AGREEMENT**

On 29 March 2019, the Purchaser, a wholly-owned subsidiary of the Company, Shougang Fund and the Target Company entered into the Agreement in respect of the Acquisition and the Capital Injection. The principal terms of the Agreement are set out below.

**Date:**

29 March 2019

## **Parties**

- (1) The Purchaser, as transferee and investor;
- (2) Shougang Fund, as transferor; and
- (3) The Target Company.

## **The Acquisition**

Subject to the fulfilment or wavier of the conditions precedent set out in the Agreement, Shougang Fund shall sell and the Purchaser shall acquire 75% equity interest in the Target Company, representing RMB37,500,000 in the registered capital of the Target Company, at the consideration of RMB67,394,325 in cash.

## **The Capital Injection**

Subject to the fulfilment or wavier of the conditions precedent set out in the Agreement, the Purchaser shall contribute RMB89,859,100 to the capital of the Target Company, of which RMB50,000,000 will be contributed to the registered capital of the Target Company and the remainder to its capital reserve.

The consideration of the Acquisition and the Capital Injection 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 the Target Company as at 31 December 2018; (ii) the past operation results of the Target Company and its future development potential, including the investment return of funds managed by the Target Company; and (iii) the synergy between the principal businesses of the Target Company and the Group.

## **Conditions precedent**

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

- (1) the Agreement and other legal documents necessary for the Acquisition and Capital Injection (including but not limited to the applicable equity transfer agreement, joint venture agreement and the articles of association of the Target Company) being duly executed by relevant parties;
- (2) the existing shareholders of the Target Company (other than Shougang Fund) having approved the Acquisition in writing and waived their pre-emptive rights in writing in relation to the Acquisition under the articles of association of the Target Company or other relevant documents and in accordance with the laws of the PRC;
- (3) the existing shareholders of the Target Company (other than the Purchaser) having approved the Capital Injection in writing and waived their pre-emptive rights in writing in relation to the Capital Injection under the articles of association of the Target Company or other relevant documents and in accordance with the laws of the PRC;

- (4) the representations and warranties of the Target Company and Shougang Fund remaining true and accurate and complete and binding since the date of the Agreement and up to the date of full payment of the consideration of the Acquisition and the Capital Injection; and
- (5) there being no material adverse change in the Target Company since the date of the Agreement and up to the date of full payment of the consideration of the Acquisition and the Capital Injection.

The conditions above may be waived by the Purchaser in writing.

### **Board representation**

Upon full payment of the consideration of the Acquisition and the Capital Injection, the board of directors of the Target Company shall comprise three directors, all of whom shall be appointed by the Purchaser. The Purchaser shall also be entitled to appoint one of such directors as chairman of the Target Company.

### **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE AGREEMENT**

The Target Company was established in February 2011. As of the end of 2018, it managed four funds and three direct investment projects with an aggregate value of the assets under management of approximately RMB3 billion. Its investment mainly focus on automobile industry and urban renewal business. The investment projects of the Target Company include BAIC BJEV, Chehaoduo Second-hand Auto Broker (Beijing) Co., Ltd. and Vstarup. In addition, the Target Company has maintained a continuous focus on new economic and high-tech enterprises, such as Zhaogang Netcom, Bayi Shikong, and Chengdu Chaoyouai Technology, the developer of an application Baicizhan.

Vstarup, one of the direct investment of the Target Company, was established in May 2013. The Target Company is the largest shareholder of Vstarup, holding registered 25.87% of its equity interest. Vstarup has completed its series B financing and its investors include Shunwei Capital funded by Mr. Lei Jun, founder of Xiaomi Corporation (stock code: 1810) and Western Capital which is the equity investment company of Western Securities Co., Ltd. (stock code: 2673.SZ). Vstarup focuses on the reform and operation of urban stock assets and is committed to reconstruct office space, upgrade science and innovation parks, gathering entrepreneurial talents and serving urban renewal, which has substantial correlative and synergic effect on the Company's urban renewal business. Since its establishment, Vstarup has been awarded with several honours including "National Mass Innovation and Entrepreneurship Space", "National Incubation" and "National Youth Business Demonstration Park". For the year ended 2018, the area of operating property of Vstarup has reached 297,000 square feet, of which, 17,100 square feet is residential area.

The Acquisition and Capital Injection will help the Group deepen its management and operation of car parking assets and therefore, expand its innovation business for car parking business. In addition, the Group will strengthen its competitive advantage in the urban renewal industry with the foundation of the Vstarup through its existing real estate operation.

## INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC and is principally engaged in the provision of management and consultancy services in relation to non-securities investment in the PRC.

Shougang Fund acquired the 75% equity interest in the Target Company, representing RMB37,500,000 in the registered capital of the Target Company, as a result of several transactions between 2017 and 2019 and the total costs were RMB39,067,525.

The holding structure of the Target Company before and after completion of the Acquisition and the Capital Injection is set out below:

	Before completion of the Acquisition and the Capital Injection		After completion of the Acquisition and before completion of the Capital Injection		After completion of the Acquisition and the Capital Injection	
	Registered Capital of the Target Company RMB'000	Percentage	Registered Capital of the Target Company RMB'000	Percentage	Registered Capital of the Target Company RMB'000	Percentage
Shougang Fund	37,500	75%	-	-	-	-
Beijing Beizi	10,000	20%	10,000	20%	10,000	10%
Win Hau	2,500	5%	2,500	5%	2,500	2.5%
The Purchaser	-	-	37,500	75%	87,500	87.5%
Total	50,000	100%	50,000	100%	100,000	100%

Upon completion of the Acquisition and the Capital Injection, the Target Company will become a non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the results of the Group.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Beijing Beizi, Win Hau and their respective ultimate beneficial owners is third party independent of the Company and its connected persons in accordance with the Listing Rules.

As at 31 December 2018, the net asset value of the Target Company was RMB122,713,079.96. The net profits (both before and after tax) of the Target Company for the financial years ended 31 December 2017 and 2018 based on the audited financial statements of the Target Company is set out below:

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>RMB</i>	<i>RMB</i>
Profit/(loss) before taxation	303,293.35	(42,971,725.01)
Profit/(loss) after taxation	303,293.35	(37,607,497.40)

## INFORMATION ON OTHER PARTIES TO THE 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.

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 one of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 5% but all are less than 25%, the Acquisition and the Capital Injection in aggregate constitute a disclosable transaction for the Company and are subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Shougang Fund is a substantial shareholder of the Company and hence a connected person of the Company. As the percentage ratios (other than the profit ratio) are more than 0.1% but all are less than 5%, the Acquisition and the Capital Injection in aggregate constitute a connected transaction of the Company and are subject to the announcement and reporting requirements but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

At the Board meeting, Mr. Zhao Tianyang, Mr. Li Shaofeng, Mr. Xu Liang and Mr. Liang Hengyi, by virtue of their connection with Shougang Fund, have abstained from voting in respect of the relevant resolutions proposed to approve the Agreement and the transaction 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 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 75% of the equity interest of the Target Company by the Purchaser;
“Agreement”	the agreement dated 29 March 2019 among the Purchaser, Shougang Fund and the Target Company in relation to the Acquisition and the Capital Injection;
“Beijing Beizi”	北京北咨投資基金管理有限公司 (Beijing Beizi Investment Fund Management Co., Ltd.*), a limited liability company established in the PRC;
“Board”	the board of directors of the Company;
“Capital Injection”	the injection of capital in the aggregate amount of

	RMB89,859,100 to the capital of the Target Company, of which RMB50,000,000 will be contributed to the registered capital of the Target Company and the remainder to its capital reserve;
“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;
“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 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Beijing West (Hong Kong) Limited, a limited liability company established in Hong Kong and a wholly-owned subsidiary of the Company;
“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);
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;

“Target Company”	北京京西創業投資基金管理有限公司 (Beijing Jingxi Venture Capital Fund Management Co., Ltd.*), a limited liability company established in the PRC, which is held as to 75% by Shougang Fund, 20% by Beijing Beizi and 5% by Win Hau as at the date of the Agreement;
“Win Hau”	Win Hau Investment Company Limited, a limited liability company incorporated in Hong Kong; and
“BAIC BJEV”	北京新能源汽車股份有限公司 (Beijing Electronic Vehicle Co., Ltd.*);
“Vstartup”	北京創業公社投資發展有限公司 (Beijing Vstartup Investment and Development Co., Ltd.*);
“Zhaogang Netcom”	上海找鋼網信息科技股份有限公司 (Shanghai Zhaogang Netcom Corporation Ltd.*);
“Bayi Shikong”	北京八億時空液晶科技股份年有限公司 (“Beijing Bayi Shikong LCD Technologies Co., Ltd.”*);
“Chaoyouai Technology”	成都超有愛科技有限公司 (Chengdu Chaoyouai Technology Co., Ltd.*); and
“%”	Percentage.

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

Hong Kong, 29 March 2019

*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, 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.*

*\* for identification purpose only*