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首程控股有限公司
SHOUCHENG HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 697)

VOLUNTARY ANNOUNCEMENT FORMATION OF FUND UNDER FRAMEWORK AGREEMENT

Reference is made to the Previous Announcement and Circular relating to the Framework Agreement in relation to the formation of Funds. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement and Circular.

FORMATION OF FUND UNDER FRAMEWORK AGREEMENT

On 29 June 2020, Xingze Chengda, a non-wholly-owned subsidiary of the Company, as the general partner, entered into the Partnership Agreement with Shougang Fund and Daxing Guidance Fund, as limited partners, for the establishment of the Partnership.

Reference is made to the Previous Announcement and Circular relating to the Framework Agreement in relation to the formation of Funds. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement and Circular.

REASONS FOR THE PARTNERSHIP

Beijing's new functional positioning of "Three Districts and One Gateway" for Daxing District, namely: "Beijing-Tianjin-Hebei Collaborative Development Demonstration Zone, a globally influential science and technology innovation leading zone, an urban and rural development deepening and reform pioneer zone, and a new gateway of international communication in the southern part of the capital", provides a new development opportunity for upgrading the infrastructure construction and industrial transformation of Daxing District.

The establishment of the Partnership will help the Group draw support and develop from the guidance of industrial agglomeration of funds and take on a leading role by the district-level government, and seize the opportunities that the governments of Beijing and Daxing District are promoting in relation to the good policies on the development of new highlands in the southern capital. In this process, the Group will combine its existing industrial layout in the

urban renewal sector, and make use of the combination of industry and finance to focus on supporting industries such as smart transportation, smart medical care, smart education, and smart parks in Daxing District and its surrounding areas. On the one hand, the establishment of the Partnership will form synergy with the existing industrial resources of the Group in Daxing District, and on the other hand, it will form in-depth cooperation with the leading enterprises in the smart cities sector, thereby consolidating the Group's ability to integrate resources in the field of urban comprehensive services.

THE PARTNERSHIP AGREEMENT

On 29 June 2020, Xingze Chengda, a non-wholly-owned subsidiary of the Company, as the general partner, entered into the Partnership Agreement with Shougang Fund and Daxing Guidance Fund, as limited partners, for the establishment of the Partnership.

Xingze Chengda will act as the general partner and the executive partner of the Partnership.

Shougang Fund and Daxing Guidance Fund, as limited partners, will participate in the investment of the Partnership.

Shougang Fund is a pioneer in Shougang Group's transition from iron and steel manufacturing to an urban integrated service provider, as well as a core platform of the transformation and development of Shougang Group, which has been continuously supported by Beijing municipal government. In the past nine years, Shougang Fund has been in rapid development and in active integration of industry and finance in serving the economic entities. Commencing from business in respect of parent funds and equity investments, Shougang Fund is gradually becoming a new industry investment holding platform based on the core industries with the integration of finance, investment and operation. Shougang Fund's primary investment industries include supply chain and finance, travelling, health-care, car-parking and urbanization.

Daxing Guidance Fund is a limited partnership which is owned as to 99.9% by Daxing State-owned Capital and 0.1% by Beishang Capital (entrusted as the general partner and fund manager of Daxing Guidance Fund).

ESTABLISHMENT OF THE PARTNERSHIP

The term of the Partnership shall be seven years. Subject to agreement by all partners, the term of the Partnership may be extended for one year.

The first four years of the term shall be the investment period (the "**Investment Period**") and the remaining three years of the term shall be the exit period (the "**Exit Period**"), during which the Partnership shall not carry out any further investments except as provided under the Partnership Agreement. The Partnership may choose to extend the Investment Period or the Exit Period by the one-year extended term.

The Partnership will mainly concentrate its investments on the key areas related to smart city development, such as smart manufacturing, city operation, traffic management, and urban comprehensive service industry; and to be supplemented by other fields such as new consumption, medical and healthcare. By focusing on horizontal investment in platform-type technology and new service model companies in the abovementioned areas and vertical

investment in high-quality upstream or downstream enterprises or project resources in line with the industrial development direction of Daxing District, the Partnership shall be able to grasp financial investment opportunities while it is providing strategic coordinating funds.

CAPITAL CONTRIBUTION TO THE PARTNERSHIP

The total registered capital contribution to the Partnership is RMB505 million, which shall be paid by Shougang Fund, Daxing Guidance Fund and Xingze Chengda as follows:

	Amount to be contributed (RMB)	Percentage interest in the Partnership (approximately)	Nature of holding
Shougang Fund	250,000,000	49.50%	Limited Partner
Daxing Guidance Fund	250,000,000	49.50%	Limited Partner
Xingze Chengda	5,000,000	1.00%	General Partner
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Total	<u>505,000,000</u>	<u>100.00%</u>	

MANAGEMENT OF THE PARTNERSHIP

Xingze Chengda as the general partner will also act as the executive partner of the Partnership responsible for formulating and executing the decisions of the Partnership. Jingji Capital, a wholly-owned subsidiary of the Company as at the date of this announcement, will be appointed as the fund manager of the Partnership to provide fund management services to the Partnership. The Partnership, Xingze Chengda and the fund manager shall enter into an entrusted management agreement (the “**Entrusted Management Agreement**”) in respect of such appointment.

SERVICE FEES

The Partnership shall pay to the general partner an execution fee (the “**Execution Fee**”) and the fund manager a management fee (the “**Management Fee**”) (together, the “**Service Fees**”) for providing fund management services to the Partnership in accordance with the terms of the Entrusted Management Agreement.

The payment of average annual Service Fees during the term of the Partnership shall not exceed 1.5% of the total registered capital contribution amount (that is, RMB505 million) of the Partnership, and shall be paid as follows:

- (i) during the Investment Period, (a) before and upon the total paid-in capital contribution amount of the Partnership reaches RMB202 million, the annual Service Fees shall be at a rate of 2% per annum on RMB202 million; and (b) upon the condition of the Partnership’s total paid-in capital contribution amount exceeding RMB202 million has been met, the annual Service Fees shall be at a rate of 2% per annum on the then total committed capital contribution amount of the Partnership; and
- (ii) during the Exit Period, the annual Service Fees shall be at a rate of 1.5% per annum of the total investment amount of the investment portfolio held by the Partnership of which the principal investment amount made by the Partnership has not been refunded.

The payment of annual Management Fee during the term of the Partnership shall not be less than 0.5% of the then total paid-in capital contribution amount and shall not be more than 2% of the then total committed capital contribution of the Partnership. The Partnership shall pay to the fund manager the Management Fee as follows:

- (i) during the Investment Period, (a) before and upon the total paid-in capital contribution amount of the Partnership reaches RMB202 million, the Management Fee shall be at a rate of not less than 0.5% per annum on RMB202 million; and (b) upon the condition of the Partnership's total paid-in capital contribution amount exceeding RMB202 million has been met, the Management Fee shall be at a rate of not less than 0.5% per annum on the then total committed capital contribution amount of the Partnership; and
- (ii) during the Exit Period, the Management Fee shall be at a rate of 0.5% per annum on the total investment amount of the investment portfolio held by the Partnership of which the principal investment amount made by the Partnership has not been refunded.

The Partnership shall pay the Execution Fee to the general partner on the remaining amount of the Service Fees after full payment of the Management Fee.

PROFIT DISTRIBUTION

During the Investment Period, after exiting from an investment project, the Partnership shall distribute the distributable profit from that investment project to all its partners not later than 45 working days from the date of exit.

After the expiry of the Investment Period, the distributable profit of the Partnership shall be distributed by the general partner or fund manager as soon as possible in the following order:

- (i) to all of its partners in proportion to their paid-in capital contribution and up to their respective paid-in capital contribution amount;
- (ii) to all of its partners in proportion to their paid-in capital contribution and up to the threshold of 6% per annum of their respective paid-in capital contribution amount; and
- (iii) to all partners in proportion to their paid-in capital contribution and to the general partner as to 80% and 20%, respectively.

UTILIZATION OF FRAMEWORK AGREEMENT

On 12 August 2018, the Company, Jingji Capital and Shougang Fund entered into the Framework Agreement, pursuant to which not more than 15 funds shall be established by the Company, Jingji Capital and Shougang Fund. The expected aggregate total size of the Funds shall not exceed RMB30 billion, of which (1) Shougang Fund and its associates shall, in aggregate, contribute not more than RMB10 billion; and (2) the Company and its subsidiaries shall, in aggregate, contribute not more than RMB500 million. With the agreement of the parties, third party investors may participate in the Funds.

After the establishment of a partnership as disclosed in the announcement of the Company dated 28 February 2019 (the "**Previous Partnership**") and the Partnership, the quota under

the Framework Agreement shall remain as: not more than 13 funds shall be further established by the Company, Jingji Capital and Shougang Fund and the expected aggregate total size of the Funds to be further established under the Framework Agreement shall not exceed RMB27.475 billion, of which (1) Shougang Fund and its associates shall, in aggregate, contribute not more than RMB8.75 billion (taking into account the capital contribution made by Shougang Fund and its associates in the Previous Partnership as at the date of this announcement); and (2) the Company and its subsidiaries shall, in aggregate, contribute not more than RMB475 million.

DEFINITIONS

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

“Beishang Capital”	北商資本管理（北京）有限公司 (Beishang Capital Management (Beijing) Co., Ltd.*), a limited liability company established in the PRC and is indirectly wholly-owned by the Daxing State-owned Capital;
“Daxing District SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Daxing District, Beijing in the PRC;
“Daxing Guidance Fund”	北京市大興發展引導基金（有限合夥）(Beijing Daxing Development Guidance Fund (Limited Partnership)*), a limited partnership established in the PRC and the equity interest of which is held as to 0.1% and 99.9% by Beishang Capital and Daxing State-owned Capital respectively;
“Daxing State-owned Capital”	北京大興國有資本投資運營發展有限公司 (Beijing Daxing State-owned Capital Investment Operation Development Co., Ltd.*), a limited liability company established in the PRC and is wholly-owned by the Daxing District SASAC;
“Partnership”	the limited partnership (proposed name: 北京首大興業股權投資中心（有限合夥）(Beijing Shouda Xingye Equity Investment Centre (Limited Partnership)*) to be established in the PRC pursuant to the terms of the Partnership Agreement;
“Partnership Agreement”	the partnership agreement in relation to establishment of the Partnership dated 29 June 2020 among Shougang Fund, Daxing Guidance Fund and Xingze Chengda;
“Previous Announcement and Circular”	the Company’s announcement dated 12 August 2018 and circular dated 29 August 2018 relating to the Framework Agreement in relation to formation of Funds; and

“Xingze Chengda”

北京興澤成達企業管理中心（有限合夥）(Beijing Xingze Chengda Enterprise Management Center (Limited Partnership)*), a limited partnership established in the PRC and the equity interest of which is held as to 60% by the Group (through two indirect wholly-owned subsidiaries of the Company) and 40% by Beishang Capital.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 29 June 2020

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Xu Liang, Mr. Liang Hengyi (Managing Director), Mr. Li Wei and Ms. Zhang Meng 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*