

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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**

**AMENDMENTS TO THE TERMS IN RELATION TO THE FUND COMPANY**

References are made to the announcements of Shougang Concord International Enterprises Company Limited (the “**Company**”) dated 8 May 2018 and 10 May 2018 in relation to, among other things, formation of the Fund Company (the “**Announcements**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings ascribed to them in the Announcements.

**REASONS AND BENEFITS FOR THE AMENDMENTS**

As disclosed in the Announcements, the Fund Company was established to support the development of Shougang Park. Shougang Park covers an area of 8.63 square kilometers. The municipal government of Beijing has been paying attention to the Shougang Park, aiming at making it a new landmark of city rejuvenation of the capital in a new era. To finalise the strategic positioning in the city of the capital, Shougang Park plans its future development in accordance with the Beijing Urban Master Plan, which states that Shougang Park is the “demonstration zone for green transformation and upgrading of traditional industries, high-end industrial innovative highland in Beijing-west, post-industrial, cultural, sports and creative base”. Meanwhile, Shougang Park will organise the protection and utilisation of industrial remains, fully reveal the value of history and era, and create a new splendid era of Extended Chang’an Avenue West. The additional capital contribution of RMB5,000 million, which will be injected by the Beijing Municipal Bureau of Finance into Shougang Fund and in turn injected into the Fund Company, demonstrates that the municipal government of Beijing has attached great importance to the development of Shougang Park.

The increase in the scale of the Fund Company from RMB3,100 million to RMB8,100 million illustrates that more funds under management of the Company shall be contributed to the development of Shougang Park. Subsequently, the Company will continuously raise public capital to directly support the operation of Shougang Park so as to satisfy the requirements and positioning of the municipal government of Beijing in relation to Shougang Park.

**THE AMENDED AND RESTATED SHAREHOLDERS’ AGREEMENT**

On 28 December 2018, Jingji Capital, Shougang Group and Shougang Fund entered into the amended and restated shareholders’ agreement (the “**Amended and Restated Shareholders’ Agreement**”) to, among other things, amend and restate certain terms of the Shareholders’ Agreement.

The principal amendments by the Amended and Restated Shareholders' Agreement to the terms and conditions of the Shareholders' Agreement are set forth below:

### **Parties to the Amended and Restated Shareholders' Agreement**

In addition to Jingji Capital and Shougang Group, Shougang Fund is also a party to the Amended and Restated Shareholders' Agreement. Shougang Fund is a company established in the PRC with limited liability and is principally engaged in the investment, management and advisory of non-securities businesses. Shougang Fund is a wholly-owned subsidiary of Shougang Group.

### **Term of the Fund Company**

Under the Shareholders' Agreement, it was agreed that the Fund Company would be established for a term of eight years with an option to extend for another two years upon agreement by all parties to the Shareholders' Agreement. Under the Amended and Restated Shareholders' Agreement, the provision relating to the option to extend the term of the Fund Company for another two years has been deleted.

### **Capital Contribution to the Fund Company**

The registered capital of the Fund Company will be revised to RMB8,100 million. The total capital contribution of Jingji Capital has remained unchanged at RMB100 million. Details of the capital contribution of each party to the Amended and Restated Shareholders' Agreement are as follows:

	<b>Amount to be contributed (RMB)</b>	<b>Percentage interest in the Fund Company</b>
Shougang Group	3,000,000,000	37.04%
Shougang Fund	5,000,000,000	61.73%
Jingji Capital	100,000,000	1.23%
<b>Total</b>	<b>8,100,000,000</b>	<b>100.00%</b>

The above capital contributions will be paid as follows:

	<b>Before 31 December 2018 (RMB)</b>	<b>Before 31 December 2019 (RMB)</b>
Shougang Group	1,800,000,000	1,200,000,000
Shougang Fund	3,000,000,000	2,000,000,000
Jingji Capital	60,000,000	40,000,000

### **Fund Manager**

It is provided in the Amended and Restated Shareholders' Agreement that the Fund Manager shall be elected by the board of directors 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, Jingji Capital shall nominate one director and Shougang Fund shall nominate one director.

The chairman of the board shall be appointed after approval by the board of directors of the Fund Company.

The supervisor of the Fund Company shall be nominated by Shougang Fund, who shall be appointed after approval by the shareholders' meeting 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 paid-up registered capital, instead of subscribed registered capital.

### **Profit Distribution**

The Fund Company will distribute profits in the following order:

- (i) to each shareholder of the Fund Company proportionate to its respective paid-in capital contribution to the Fund Company up to its respective paid-in capital contribution amount;
- (ii) to each shareholder of the Fund Company proportionate to its respective paid-in capital contribution to the Fund Company until it achieves an annual return on investment of 6% to its paid-in capital;
- (iii) for the remainder distributable profits, 80% will be distributed to each shareholder of the Fund Company proportionate to its respective paid-in capital contribution to the Fund Company and the remaining 20% will be distributed to the Fund Manager as bonus award.

The Amended and Restated Shareholders' Agreement was effective from 28 December 2018. Save for the abovementioned amendments, all other principal terms and conditions of the Shareholders' Agreement as disclosed in the Announcements were repeated in the Amended and Restated Shareholders' Agreement.

### **ARTICLES**

On 28 December 2018, Jingji Capital, Shougang Group and Shougang Fund also entered into the amended and restated articles of association of the Fund Company to align with and reflect the various changes in relation to the Fund Company as amended and restated in the Amended and Restated Shareholders' Agreement.

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

Hong Kong, 28 December 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 Yin-hui, 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.*