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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)

CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENTS

The Board announces that on 23 December 2016, certain wholly-owned subsidiaries of the Company entered into the Tenancy Agreements with certain wholly-owned subsidiaries of Shougang Holding in respect of the lease of the Premises.

Shougang Holding is the controlling shareholder of the Company. Accordingly, the transactions under the Tenancy Agreements constitute continuing connected transactions for the Company under the Listing Rules.

As the applicable percentage ratios in respect of the aggregate annual rent payable by the Group under the Tenancy Agreements are more than 0.1% but less than 5%, the Tenancy Agreements are subject to the reporting, announcement and annual review requirements under the Listing Rules, but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE TENANCY AGREEMENTS

On 23 December 2016, certain wholly-owned subsidiaries of the Company entered into the Tenancy Agreements with certain wholly-owned subsidiaries of Shougang Holding in respect of the lease of the Premises. Details of the Tenancy Agreements are set out below:

Tenancy Agreement 1

Date of agreement : 23 December 2016

Landlord : Billioncorp

Tenant : Shougang Services

Premises : portion of the 5th Floor of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong with an aggregate gross floor area of approximately 228 square feet

Term : thirty-six (36) months commencing on 1 January 2017 and expiring on 31 December 2019

Rent : monthly rental of HK\$10,700 (exclusive of rates and management fee) payable monthly in advance on the first day of each and every calendar month

Use : As office of the Group

Tenancy Agreement 2

Date of agreement : 23 December 2016

Landlord : Winluck

Tenant : Shougang Shipping Services

Premises : portion of the 6th Floor of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong with an aggregate gross floor area of approximately 1,000 square feet

Term : thirty-six (36) months commencing on 1 January 2017 and expiring on 31 December 2019

Rent : monthly rental of HK\$47,000 (exclusive of rates and management fee) payable monthly in advance on the first day of each and every calendar month

Use : As office of the Group

Tenancy Agreement 3

Date of agreement : 23 December 2016

Landlord : Winluck

Tenant : Shougang Services

Premises : portion of the 6th Floor of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong with an aggregate gross floor area of approximately 190 square feet

Term : thirty-six (36) months commencing on 1 January 2017 and expiring on 31 December 2019

Rent : monthly rental of HK\$9,000 (exclusive of rates and management fee) payable monthly in advance on the first day of each and every calendar month

Use : As office of the Group

Tenancy Agreement 4

Date of agreement	:	23 December 2016
Landlord	:	Wonderfine
Tenant	:	Shougang Services
Premises	:	portion of the 7 th Floor of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong with an aggregate gross floor area of approximately 6,618 square feet
Term	:	thirty-six (36) months commencing on 1 January 2017 and expiring on 31 December 2019
Rent	:	monthly rental of HK\$311,000 (exclusive of rates and management fee) payable monthly in advance on the first day of each and every calendar month
Use	:	As office of the Group

ANNUAL CAPS

The Premises are currently used by the Group. The existing tenancy agreements in respect of the Premises 1, the Premises 3 and the Premises 4 are of a term of twelve months commencing from 1 January 2016 while the existing tenancy agreement in respect of the Premises 2 is of a term of four months commencing from 1 September 2016. The aggregate annual rents of the Premises under the existing tenancy agreements for the year ended 31 December 2016 are HK\$3,979,440.

Based on the monthly rents payable under each of the Tenancy Agreements, the Annual Caps for the three years ending 31 December 2019 are as follows:

	For the three years ending 31 December 2019
	<i>HK\$</i>
Tenancy Agreement 1	128,400
Tenancy Agreement 2	564,000
Tenancy Agreement 3	108,000
Tenancy Agreement 4	3,732,000
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Total	<u>4,532,400</u>

The Annual Caps were reached on arm's length basis and determined with reference to (1) the rents under the existing tenancy agreements; (2) the prevailing market rents for the same building; and (3) the prevailing property market conditions.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE TENANCY AGREEMENTS

The Group has been using the Premises as its offices. As the respective existing tenancy agreements are due to expire on 31 December 2016, the Group has entered into the Tenancy Agreements to renew the tenancies of the Premises.

The Directors (including the independent non-executive Directors) consider that the Continuing Connected Transactions are on normal commercial terms which are fair and reasonable and the entering into of the Tenancy Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

GENERAL

The Group is principally engaged in the manufacture and sale of steel products, commodity trading and mineral exploration.

Each of Billioncorp, Winluck and Wonderfine is an investment holding company and is a wholly-owned subsidiary of Shougang Holding.

As at the date of this announcement, Shougang Holding and its associates are interested in approximately 47.78% of the total number of shares of the Company in issue and is the controlling shareholder of the Company. Accordingly, the transactions under the Tenancy Agreements constitute continuing connected transactions for the Company under the Listing Rules. As the applicable percentage ratios in respect of the aggregate annual rent payable by the Group under the Tenancy Agreements are more than 0.1% but less than 5%, the Tenancy Agreements are subject to the reporting, announcement and annual review requirements under the Listing Rules, but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Both Mr. Li Shaofeng and Mr. Ding Rucai, executive Directors of the Company, are also directors of Shougang Holding. Each of Mr. Li Shaofeng and Mr. Ding Rucai has abstained from voting for the Board resolutions to approve the Continuing Connected Transactions. Mr. Shu Hong, an executive Director of the Company, also abstained from voting on the Board resolutions to approve the Continuing Connected Transactions voluntarily. The remaining Directors have no material interest in the Continuing Connected Transactions.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules;
“Annual Caps”	the maximum amount of aggregate annual rents payable by the Group under the Tenancy Agreements for each of the three years ending 31 December 2019;
“Billioncorp”	Billioncorp Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Holding;

“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;
“Continuing Connected Transactions”	the transactions contemplated under the Tenancy Agreements;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Premises”	the Premises 1, the Premises 2, the Premises 3 and the Premises 4;
“Premises 1”	portion of the 5 th Floor of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong with an aggregate gross floor area of approximately 228 square feet;
“Premises 2”	portion of the 6 th Floor of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong with an aggregate gross floor area of approximately 1,000 square feet;
“Premises 3”	portion of the 6 th Floor of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong with an aggregate gross floor area of approximately 190 square feet;
“Premises 4”	portion of the 7 th Floor of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong with an aggregate gross floor area of approximately 6,618 square feet;
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company;
“Shougang Services”	Shougang Concord Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Shougang Shipping Services”	Shougang Concord Shipping Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-

	owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreements”	the Tenancy Agreement 1, the Tenancy Agreement 2, the Tenancy Agreement 3 and the Tenancy Agreement 4;
“Tenancy Agreement 1”	the tenancy agreement dated 23 December 2016 between Shougang Services and Billioncorp in respect of the Premises 1;
“Tenancy Agreement 2”	the tenancy agreement dated 23 December 2016 between Shougang Shipping Services and Winluck in respect of the Premises 2;
“Tenancy Agreement 3”	the tenancy agreement dated 23 December 2016 between Shougang Services and Winluck in respect of the Premises 3;
“Tenancy Agreement 4”	the tenancy agreement dated 23 December 2016 between Shougang Services and Wonderfine in respect of the Premises 4;
“Winluck”	Winluck Properties Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Holding;
“Wonderfine”	Wonderfine Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Holding; and
“%”	per cent.

By Order of the Board
**Shougang Concord International
Enterprises Company Limited**
Li Shaofeng
Managing Director

Hong Kong, 23 December 2016

As at the date of this announcement, the Board comprises Mr. Zhang Bingcheng (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Ding Rucai (Deputy Managing Director), Mr. Shu Hong (Deputy Managing Director), Mr. Ip Tak Chuen, Edmond (Non-executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai Cheung (Independent Non-executive Director).