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首長四方(集團)有限公司\*  
**SHOUGANG CONCORD GRAND (GROUP) LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 730)

**DISCLOSEABLE TRANSACTION**  
**LEASE AGREEMENT WITH YANGTZE EXPRESS**

On 24 August 2016, South China Leasing entered into the Lease Agreement with Yangtze Express, pursuant to which South China Leasing has agreed to lease the Equipment to Yangtze Express for a term of 3 years.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Lease Agreement are more than 5% but less than 25%, the Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in Rule 14.33 of the Listing Rules.

On 24 August 2016, South China Leasing, an indirect non wholly owned subsidiary of the Company, entered into the Lease Agreement with Yangtze Express, pursuant to which South China Leasing has agreed to lease the Equipment to Yangtze Express for a term of 3 years.

**LEASE AGREEMENT**

**Date of the Lease Agreement**

24 August 2016

**Parties to the transaction**

Lessor: South China Leasing; and

Lessee: Yangtze Express, is principally engaged in the international and domestic cargo transportation business, express delivery and integrated logistics business. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Yangtze Express and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Subject of the transaction**

Pursuant to the Lease Agreement, South China Leasing will lease the Equipment to Yangtze Express for a term of 3 years.

### **Lease payments**

The Lease Agreement is of a principal amount of RMB110,000,000 (equivalent to approximately HK\$128,700,000) with the interest rate calculated at 35% over the 3-year base lending rate per annum announced by the People's Bank of China. Based on the current 3-year base lending rate of 4.75% per annum, the annual interest rate of the lease as at the date of the execution of the Lease Agreement is 6.4125%. The interest rate has been agreed between the parties upon arm's length negotiations with reference to the prevailing market rates. Yangtze Express will make the lease payments on a quarterly basis over the lease term.

### **Lessee's option to purchase**

At the end of the lease term of the Lease Agreement, Yangtze Express will have the right to purchase the Equipment at a nominal purchase price of RMB10,000 (equivalent to approximately HK\$11,700).

### **Undertakings**

HNA Aviation, a substantial shareholder of Yangtze Express, has entered into an agreement with South China Leasing, pursuant to which South China Leasing may request HNA Aviation, and HNA Aviation undertakes at the request of South China Leasing, either (i) to buy back the Equipment; or (ii) to take up the obligations of Yangtze Express under the Lease Agreement.

### **THE EQUIPMENT**

South China Leasing will purchase the Equipment, being two aircraft engines, from Yangtze Express. The consideration for the purchase of the Equipment is RMB110,000,000 (equivalent to approximately HK\$128,700,000), which has been agreed upon arm's length negotiations between South China Leasing and Yangtze Express after South China Leasing having made reference to the valuation of the Equipment of RMB152,088,000 (equivalent to approximately HK\$177,942,960). The consideration for the purchase of the Equipment will be satisfied by South China Leasing by internal resources.

### **REASONS FOR THE LEASE AGREEMENT**

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial services and property investment and management.

The entering into of the Lease Agreement is in the ordinary and usual course of business of South China Leasing and is under normal commercial terms. It will enable South China Leasing to earn a net finance lease income of approximately RMB11,978,354 (equivalent to approximately HK\$14,014,674) over the 3-year lease term.

Given that the Lease Agreement is entered into in the ordinary and usual course of business of South China Leasing and is under normal commercial terms, the Directors are of the view that the terms of the Lease Agreement are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

## **GENERAL**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Lease Agreement are more than 5% but less than 25%, the Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements set out in Rule 14.33 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Company”	Shougang Concord Grand (Group) Limited, a company incorporated in Bermuda with limited liability whose securities 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 directors of the Company;
“Equipment”	two aircraft engines;
“HNA Aviation”	海航航空集团有限公司 (HNA Aviation Co., Ltd.*), a substantial shareholder of Yangtze Express;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease Agreement”	the lease agreement dated 24 August 2016 between South China Leasing and Yangtze Express, pursuant to which South China Leasing has agreed to lease the Equipment to Yangtze Express;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“South China Leasing”	South China International Leasing Company Limited, a company established in the PRC and an indirect non wholly owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Yangtze Express”	揚子江快運航空有限公司 (Yangtze River Express Airlines Co., Ltd.*), a company incorporated in the PRC; and
“%”	Percentage.

*Unless otherwise specified in this announcement, translations of RMB into HK\$ is made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.17. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.*

By Order of the Board  
**Shougang Concord Grand (Group) Limited**  
**Li Shaofeng**  
*Chairman*

Hong Kong, 24 August 2016

*As at the date of this announcement, the board of directors of the Company comprises Mr. Li Shaofeng (Chairman), Mr. Luo Zhenyu (Managing Director), Mr. Wang Tian (Deputy Managing Director), Mr. Wang Qinghua (Deputy Managing Director), Mr. Yuan Wenxin (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Ms. Zhou Jianhong (Independent Non-executive Director) and Mr. Yip Kin Man, Raymond (Independent Non-executive Director).*

*\* For identification purpose only*