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SHOUGANG CONCORD CENTURY HOLDINGS LIMITED

首長寶佳集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 103)

CONTINUING CONNECTED TRANSACTION TENANCY AGREEMENT

On 23 December 2016, Gold Regal, a wholly owned subsidiary of the Company, as tenant, entered into the Tenancy Agreement with Billioncorp, as landlord, in respect of the lease of the Premises.

The Company is held as to approximately 47.04% by Shougang Holding and its controlled corporations. Pursuant to the Listing Rules, Shougang Holding is regarded as a substantial Shareholder. Billioncorp is an indirect wholly owned subsidiary of Shougang Holding. Billioncorp is therefore a connected person of the Company under the Listing Rules, and the entering into the Tenancy Agreement therefore constitutes a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules.

Pursuant to Rule 14A.76 of the Listing Rules, as the applicable percentage ratios (other than the profits ratio) calculated with reference to the annual rent payable under the Tenancy Agreement, being HK\$3,384,000, exceeds 0.1% but less than 5%, the Company is only subject to the reporting, announcement and annual review requirements, but is exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 23 December 2016, Gold Regal, a wholly owned subsidiary of the Company, as tenant, entered into the Tenancy Agreement with Billioncorp, as landlord, in respect of the lease of the Premises.

TENANCY AGREEMENT

Date of agreement: 23 December 2016

Landlord: Billioncorp, an indirect wholly owned subsidiary of Shougang Holding

Tenant:	Gold Regal
Premises:	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 6,000 square feet
Lease Term:	Thirty-six (36) months commencing from 1 January 2017 and expiring on 31 December 2019
Rent:	Monthly rental of HK\$282,000 (exclusive of rates, management fees and other charges payable to independent third parties not connected with Shougang Holding or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates in respect of the use of the Premises during the term) payable monthly in advance
Annual rent payable:	HK\$3,384,000
Use:	As office of the tenant and its group

The Premises is currently used by the Company and its group members.

ANNUAL CAPS

The annual rent of the Premises for each of the financial years ended 31 December 2013, 2014 and 2015 was HK\$2,376,000 with a fixed term of three years. The annual rent of the Premises for the financial year ended 31 December 2016 was HK\$3,240,000.

The respective aggregate annual cap for the financial years ending 31 December 2017 to 2019 is HK\$3,384,000. The respective annual cap was reached on an arm's length basis and determined reference to the factors below:

- (i) The historical transaction amounts;
- (ii) The prevailing market rents for the adjacent properties quoted by certain property agents;
- (iii) The recent and past rent chargeable by the Landlord for similar leases in the same building and the prevailing market conditions; and
- (iv) The Company has considered whether the total rental costs it has to bear for the coming years are reasonable and fair for its operation.

LISTING RULES IMPLICATIONS

As the date hereof, the Company is held as to approximately 47.04% by Shougang Holding and its controlled corporations (as defined under the SFO) as recorded in the register under the SFO. Pursuant to the Listing Rules, Shougang Holding is regarded as a substantial Shareholder. Billioncorp is an indirect wholly owned subsidiary of Shougang Holding. Billioncorp is therefore a connected person of the Company under the Listing Rules, and the entering into the Tenancy Agreement therefore constitutes a continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules.

Pursuant to Rule 14A.76 of the Listing Rules, as the applicable percentage ratios (other than the profits ratio) calculated with reference to the annual rent payable under the Tenancy Agreement, being HK\$3,384,000, exceeds 0.1% but less than 5%, the Company is only subject to the reporting, announcement and annual review requirements, but is exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the Tenancy Agreement will be included in the annual report and accounts of the Company in accordance with Chapter 14A of the Listing Rules. The Company will also observe the other requirements regarding continuing connected transaction under Chapter 14A of the Listing Rules, if and when applicable, from time to time.

REASONS AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Tenancy Agreement serves to renew the existing tenancy, which will expire on 31 December 2016. The Board considers that the continued use of the Premises as headquarter office would generate benefits to the Group as a whole in terms of saving on relocation and administration costs.

The terms of the Tenancy Agreement were reached on an arm's-length basis between the parties and are on normal commercial terms. The amount of rent was determined with reference to the factors as stated under the section "ANNUAL CAPS" above. The Board, including the independent non-executive Directors, is of the opinion that the terms of the Tenancy Agreement (including the respective annual cap) are agreed on normal commercial terms and are fair and reasonable and the entering into of the Tenancy Agreement is in the ordinary and usual course of the Company and in the interests of the Company and the Shareholders as a whole.

Mr. Li Shaofeng (chairman of the Company and executive Director) hold the directorship in Shougang Holding and/or certain of its subsidiaries, abstained from voting on the relevant board resolutions of the Company for the approval of the said continuing connected transaction. Save as disclosed above, none of the Directors has a material interest in the said continuing connected transaction contemplated under the Tenancy Agreement and therefore none of them has abstained from voting on the relevant board resolutions approving the same.

INFORMATION ON THE COMPANY AND THE LANDLORD

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing of steel cord and the processing and trading of copper and brass products.

Shougang Holding is an investment holding company and its subsidiaries are principally engaged in investment holding, property investment and provision of management services.

DEFINITIONS

In this announcement, except where the context otherwise requires, the following expressions shall have the following meanings:

"Billioncorp"	Billioncorp Development Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of Shougang Holding
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“Board”	the board of Directors
“Company”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Gold Regal”	Gold Regal Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary 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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	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 6,000 square feet
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a substantial shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the renewal of the tenancy agreement dated 23 December 2016 in respect of the lease of the Premises
“%”	per cent.

By order of the Board
Shougang Concord Century Holdings Limited
Yang Kaiyu
Managing Director

Hong Kong, 23 December 2016

As at the date of this announcement, the Board comprises the following Directors:

Mr. Li Shaofeng (Chairman), Mr. Yang Kaiyu (Managing Director), Mr. Su Fanrong (Executive Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tang Cornor Kwok Kau (Deputy Managing Director), Mr. Liao Jun (Non-executive Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director), Mr. Law, Yui Lun (Independent Non-executive Director) and Mr. Lam Yiu Kin (Independent Non-executive Director).