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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)

**CONNECTED TRANSACTION IN RELATION TO
TENANCY AGREEMENT
AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
MASTER SERVICES AGREEMENT**

THE TRANSACTIONS

Reference is made to the announcement of the Company dated 31 October 2018 in relation to, among others, the Previous Tenancy Agreement and the Previous Master Services Agreement which will both expire on 31 October 2021.

In view of the prospective expiry of the Previous Tenancy Agreement and the Previous Master Services Agreement, the Board is pleased to announce that on 27 October 2021 (after trading hours), the Group entered into the following agreements:

- (i) Long Cosmos (an indirect wholly owned subsidiary of the Company), as tenant entered into the Tenancy Agreement with Billioncorp (an indirect wholly owned subsidiary of Shougang Holding), as landlord, in relation to the renewal of the lease of the Premises at a monthly rent of HK\$195,500, exclusive of rates and management fees, for a term of three years commencing on 1 November 2021 and ending on 31 October 2024; and
- (ii) the Company entered into the Master Services Agreement with Shougang Holding, pursuant to which Shougang Holding has agreed to provide to the Company the Services (as defined below) for a term of three years commencing on 1 November 2021 and ending 31 October 2024.

LISTING RULES IMPLICATIONS

As at the date of 27 October 2021, Shougang Holding is the controlling shareholder of the Company under the Listing Rules. Accordingly, the entering into of the Tenancy Agreement constitutes a connected transaction of the Company and the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of right-of-use asset to be recognised by the Group under the Tenancy Agreement is more than 0.1% but are all less than 5%, the Tenancy Agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the Master Services Agreement are more than 0.1% but are all less than 5%, the Master Services Agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the circular and the Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

TENANCY AGREEMENT

I. Background

On 27 October 2021 (after trading hours), Long Cosmos (an indirect wholly owned subsidiary of the Company), as tenant entered into the Tenancy Agreement with Billioncorp (an indirect wholly owned subsidiary of Shougang Holding), as landlord in relation to the renewal of the lease of the Premises.

II. Principal terms of the Tenancy Agreement

Date:	27 October 2021
Parties:	(i) Long Cosmos, as tenant (ii) Billioncorp, as landlord
Premises:	Portion of the 5 th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, with a total gross floor area of approximately 4,160 square feet.
Use:	Commercial use. The Company use the Premises as its office premises.
Term:	Three years commencing on 1 November 2021 and ending on 31 October 2024.

Deposit:	Returnable deposit in the sum of HK\$195,500. Long Cosmos already paid a sum of HK\$195,500 as returnable deposit to Billioncorp on 31 October 2018 under the Previous Tenancy Agreement. Such amount will be applied as deposit payable by Long Cosmos to Billioncorp under the Tenancy Agreement.
Rental fee:	The monthly rental fee shall be HK\$195,500, exclusive of rates and management fee. Long Cosmos will enjoy a rent-free period of one month during the thirteenth month of the term.
Payment terms:	(i) In Hong Kong dollars (ii) In advance on the first day of each and every calendar month without deduction
Termination:	Either party is entitled to terminate the Tenancy Agreement by giving the other party two months' prior written notice.

III. Basis of rental fee

The rental fee payable under the Tenancy Agreement is arrived at after arm's length negotiations between the parties involved taking into account of the prevailing market rent and management fees of comparable properties in the vicinity of the Premises with a similar size and quality, which have been obtained through Long Cosmos' enquiries with estate agents.

IV. Right-of-use asset

The unaudited value of the right-of-use asset to be recognised by the Group under the Tenancy Agreement amounts to approximately HK\$6,587,028 which is calculated with reference to the present value of the total rental fee payable under the Tenancy Agreement and adjustment to fair value at initial recognition of the rental payment in accordance with HKFRS 16. Incremental borrowing rate of 2.46% is applied to compute the present value of total rental fee payable under the Tenancy Agreement, which is a preliminary calculation by the management of the Company. Shareholders should note that the above figures are unaudited and may be subject to adjustment.

MASTER SERVICES AGREEMENT

I. Background

On 27 October 2021 (after trading hours), the Company entered into the Master Services Agreement with Shougang Holding, pursuant to which the Shougang Holding has agreed to provide the Company with the Services (to be defined below).

II. Principal terms of the Master Services Agreement

Date:	27 October 2021
Parties:	(i) The Company, as services purchaser (ii) Shougang Holding, as services provider
Term:	Three years commencing on 1 November 2021 and ending on 31 October 2024.
Scope of services:	Business and operational advisory, investment management and financial management disciplines, treasury and risk management, key managerial recruitment and retention as well as other operating practices and procedures, accounting, corporate advisory, legal, company secretarial and other services (the “Services”).
Payment terms:	The Company has agreed to reimburse the actual costs of the Services incurred by Shougang Holding by reference to a specified percentage of the remuneration of the Shougang Holding staff who provides the Services to the Company. Such percentage would be determined by reference to the percentage of the time currently estimated to be devoted by the individual staff members to the affairs of the Company against the amount of time they would otherwise devote to the affairs of Shougang Holding as full time employees of Shougang Holding.
Payment terms:	(i) In Hong Kong dollars (ii) Payable in arrears by the Company on monthly basis upon its receipt of invoice from Shougang Holding

Payment cap:	The sum payable by the Company under the Master Services Agreement is capped at HK\$2.88 million for each year under the term.
Termination:	The Master Services Agreement may be terminated with the written consent of both parties.

III. Basis of pricing of the Services

The pricing of the Services to be supplied by Shougang Holding under the Master Services Agreement is arrived at after arm's length negotiations between the parties involved taking into account of (i) the market prices for the provision of comparable services offered by independent third parties, which the Company obtained through its request for quotations; (ii) the existing scale of the Company's operations; (iii) the anticipated growth of the Company; and (iv) the remuneration of those staff who are involved in providing the Services to the Company.

IV. Historical transaction amounts

The following table sets out the historical transaction amounts paid by the Company to Shougang Holding under the Previous Master Services Agreement:

	From 1 November 2018 to 31 October 2019 (HK\$)	From 1 November 2019 to 31 October 2020 (HK\$)	From 1 November 2020 to 31 October 2021 (HK\$)
Total transaction amount paid by the Company to Shougang Holding	2.88 million	2.88 million	2.88 million

V. Annual caps

The maximum aggregate amount to be paid under the Master Services Agreement for each calendar year during the term of the Master Services Agreement is capped at HK\$2.88 million, the Annual Caps for each year are as follows:

	From 1 November 2021 to 31 October 2022 (HK\$)	From 1 November 2022 to 31 October 2023 (HK\$)	From 1 November 2023 to 31 October 2024 (HK\$)
Master Services Agreement	2.88 million	2.88 million	2.88 million

When determining the above Annual Caps, the Directors have considered the expected demand of the Services, the maximum payment obligation under the Master Services Agreement and the historical transaction amounts paid by the Company to Shougang Holding under the Previous Master Services Agreement.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TENANCY AGREEMENT AND THE MASTER SERVICES AGREEMENT

The entering into of the Tenancy Agreement and the Master Services Agreement are in the interests of the Company, as by sharing members of Shougang Holding staff at the Premises, this arrangement allows the Company to:

- (i) tap into the board services infrastructure and global network of the Shougang Group;
- (ii) gain access to the extensive business network and relationships, technical expertise and professional management knowledge of the Shougang Group's staff;
- (iii) optimize its strategic, financial and operational leverage; and
- (iv) enjoy economics of scale from the shared facilities and staff, and thereby maximize the efficiency and effectiveness of the Group's business operation.

The Directors (including the independent non-executive Directors but excluding Mr. Xu Liang and Mr Zhang Jianxun) are of the view that the transactions contemplated under the Tenancy Agreement and the Master Services Agreement and the terms thereof (including the basis of rental fee and the basis of pricing of the Services and Annual Caps, respectively) are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

POLICY AND INTERNAL CONTROL OF THE GROUP IN RELATION TO THE MASTER SERVICES AGREEMENT

The Company has adopted the following pricing and internal control policies and measures to ensure that the continuing connected transactions of the Group are conducted in accordance with the Listing Rules and to safeguard the interests of the Company and the Shareholders as a whole:

- (i) the finance department of the Company is responsible for monitoring transactions conducted, and the aggregated amount of fees payable under the Master Services Agreement on a monthly basis to ensure that it does not exceed the proposed Annual Caps;
- (ii) the internal audit department of the Company is responsible for reviewing and assessing the internal control procedures of the Group, including but not limited to the relevant information in relation to the Master Services Agreement on an annual basis. In addition, the internal audit department will prepare an internal control report and submit to the Board for review and approval;

- (iii) the external auditors of the Company will conduct an annual review on the pricing and annual caps of the continuing connected transactions under the Master Services Agreement; and
- (iv) the independent non-executive Directors of the Company will conduct an annual review of the implementation and enforcement of the continuing connected transactions to ensure that (a) such transactions are conducted in the ordinary and usual course of business of the Group; (b) the internal control policies and measures are in place; and (c) the terms and conditions under the Master Services Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Company will facilitate the provision of necessary information to the independent non-executive Directors of the Company and the auditors for the purpose of such review.

LISTING RULES IMPLICATIONS

As at the date of 27 October 2021, Shougang Holding is the controlling shareholder of the Company under the Listing Rules. Accordingly, the entering into of the Tenancy Agreement constitutes a connected transaction of the Company and the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the right-of-use asset to be recognised by the Group under the Tenancy Agreement is more than 0.1% but are all less than 5%, the Tenancy Agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the Master Services Agreement is more than 0.1% but are all less than 5%, the Master Services Agreement is subject to the reporting, annual review and announcement requirements, but is exempt from the circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Xu Liang and Mr Zhang Jianxun are considered to be interested in the Tenancy Agreement and the Master Services Agreement and have abstained from voting on the relevant board resolutions of the Company. None of the other Directors have any material interest in the Tenancy Agreement and the Master Services Agreement and are not required to abstain from voting on the board resolutions approving the Tenancy Agreement and the Master Services Agreement.

INFORMATION ON THE PARTIES

Long Cosmos

Long Cosmos is a company incorporated in Hong Kong with limited liability, and is an indirect wholly owned subsidiary of the Company. Its principal business is the provision of administrative and management services.

The Company

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

Billioncorp

Billioncorp is a company incorporated in Hong Kong with limited liability, and an indirect wholly owned subsidiary of the Shougang Holding. The principal business of Billioncorp is property investment.

Shougang Holding

Shougang Holding is a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company. The holding company of Shougang Holding is Shougang Group, a company established in the PRC. Shougang Group is a state-owned enterprise wholly owned by Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心) which is in turn wholly owned by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會).

Shougang Group is one of the largest steel production enterprises in the PRC and is principally engaged in a wide range of business including steel and iron production, overseas business, property development, mining resources and other businesses. As at the date of this announcement, Shougang Group and its associates are interested in 2,425,736,972 Shares, representing approximately 60.88% of the total number of Shares in issue.

DEFINITIONS

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

“Annual Caps”	the annual cap in respect of the transactions contemplated under the Master Services Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Billioncorp”	Billioncorp Development Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly owned subsidiary of the Shougang Holding
“Board”	the board of Directors
“Company”	Shougang Concord Grand (Group) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than Shougang Group and its associates and those who have a material interest in the Tenancy Agreement and the Master Services Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Cosmos”	Long Cosmos Investment Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly owned subsidiary of the Company
“Master Services Agreement”	the master services agreement dated 27 October 2021 and entered into between the Company and Shougang Holdings in relation to the provision of Services
“Premises”	portion of the 5 th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
“Previous Master Services Agreement”	the master services agreement dated 31 October 2018 and entered into between the Company and Shougang Holdings in relation to the provision of Services
“Previous Tenancy Agreement”	the tenancy agreement dated 31 October 2018 and entered into between Long Cosmos as tenant and Billioncorp as landlord in relation to the lease of the Premises
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shougang Group”	Shougang Group Co., Ltd., a state-owned enterprise established in the PRC, the holding company of Shougang Holding
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Tenancy Agreement” the tenancy agreement dated 27 October 2021 and entered into between Long Cosmos as tenant and Billioncorp as landlord in relation to the renewal of the lease of the Premises

“%” per cent

By order of the Board
Shougang Concord Grand (Group) Limited
Xu Liang
Chairman

Hong Kong, 27 October 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. Xu Liang (Chairman); Mr. Tian Gang (Executive Director); Mr. Huang Donglin (Non-executive Director); Mr. Zhang Jianxun (Non-executive Director); Mr. Tam King Ching, Kenny (Independent Non-executive Director); Mr. Zhang Xingyu (Independent Non-executive Director); Mr. Ng Man Fung, Walter (Independent Non-executive Director) and Ms. On Danita (Independent Non-executive Director).

** For identification purpose only*