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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)

MAJOR TRANSACTION FINANCE LEASE AGREEMENTS

On 14 July 2021, South China Leasing, an indirect non wholly-owned subsidiary of the Company, entered into the two finance lease agreements with the Lessee.

As the Finance Lease Agreements have been entered into between a subsidiary of the Company with the same lessee on even date, under Rule 14.22 of the Listing Rules, the transactions contemplated under the Finance Lease Agreements shall be aggregated as one transaction. As the highest applicable percentage ratio, on an aggregated basis, exceeds 25% but is less than 100%, the Finance Lease Agreements constitute a major transaction for the Company under the Listing Rules, and shall be subject to the reporting, announcement and the shareholders' approval requirements under the Listing Rules. As no shareholder is interested in the transaction and is required to abstain from voting if the Company were to convene a general meeting to approve the Finance Lease Agreements, the Company has approved the Finance Lease Agreements by the written approval of Wheeling Holdings, the controlling shareholder of the Company, holds approximately 50.84% of the issued share capital of the Company as at the date of the Finance Lease Agreements, pursuant to Rule 14.44 of the Listing Rules and is exempted from the requirement to convene a shareholders' meeting for the approval of the Finance Lease Agreements.

The Company will despatch the circular to the Shareholders on or before 26 July 2021.

THE FINANCE LEASE AGREEMENT

On 14 July 2021, South China Leasing, an indirect non wholly-owned subsidiary of the Company, entered into the two finance lease agreements with the Lessee.

The principal terms of, and the arrangements contemplated under, the two finance lease agreements are set out below.

The First Finance Lease Agreement

Subject matter

South China Leasing will provide a finance lease with respect to the First Finance Lease Assets to the Lessee for a term of 36 months. South China Leasing will purchase the First Finance Lease Assets from the Lessee and lease it back to the Lessee under the finance lease arrangement.

The principal amount under the finance lease is RMB110,000,000. The term of the finance lease is expected to be 36 months commencing from 20 July 2021. During the term of the lease, the Lessee shall make interest payment on the principal amount at a rate equivalent to the 1-year loan prime rate as promulgated by the National Interbank Funding Centre under the authority of the People's Bank of China plus 1.6125% per annum on a quarterly basis. The Lessee will repay the principal amount in twelve instalments during the term of the finance lease.

South China Leasing is also entitled to a handling fee of RMB2,550,000, payable by the Lessee, in one lump sum prior to the commencement of the term.

The interest rate and the handling fee for the finance lease have been agreed between the parties after arm's length negotiation with reference to the prevailing market rates.

The consideration for the purchase of the First Finance Lease Assets is RMB110,000,000, which was determined by the parties after arm's length negotiations with reference to the valuation of the First Finance Lease Assets based on the cost method of approximately RMB137,899,000. The consideration for the purchase of the First Finance Lease Assets will be satisfied by South China Leasing by internal resources and bank borrowing.

Lessee's option to purchase

At the end of the lease term, the Lessee will have the right to purchase the First Finance Lease Assets at a nominal purchase price of RMB10,000.

Guarantee

The Guarantor will provide a guarantee in favour of South China Leasing in respect of the obligations of the Lessee under the First Finance Lease Agreement.

Condition

The terms of, and the arrangements contemplated under, the First Finance Lease Agreement are subject to approval by the Shareholders in accordance with the requirements of the Listing Rules.

The Second Finance Lease Agreement

Subject Matter

South China Leasing will provide a finance lease with respect to the Second Finance Lease Assets to the Lessee for a term of not exceeding three years. South China Leasing will purchase the Second Finance Lease Assets from the Lessee and lease it back to the Lessee under the finance lease arrangement.

The principal amount under the finance lease is RMB78,000,000. The term of the finance lease is expected to be 27 months commencing from 20 July 2021. During the term of the lease, the Lessee shall make interest payment on the principal amount at a rate equivalent to the 1-year loan prime rate as promulgated by the National Interbank Funding Centre under the authority of the People's Bank of China plus 1.6125% per annum on a quarterly basis. The Lessee will repay the principal amount in nine instalments during the term of the finance lease.

South China Leasing is also entitled to a handling fee of RMB1,250,000, payable by the Lessee, in one lump sum prior to the commencement of the term.

The interest rate and the handling fee for the finance lease have been agreed between the parties after arm's length negotiation with reference to the prevailing market rates.

The consideration for the purchase of the Second Finance Lease Assets is RMB78,000,000, which was determined by the parties after arm's length negotiations with reference to the valuation of the Second Finance Lease Assets based on the cost method of approximately RMB125,047,000. The consideration for the purchase of the Second Finance Lease Assets will be satisfied by South China Leasing by internal resources and bank borrowing.

Lessee's option to purchase

At the end of the lease term, the Lessee will have the right to purchase the Second Finance Lease Assets at a nominal purchase price of RMB10,000.

Guarantee

The Guarantor will provide a guarantee in favour of South China Leasing in respect of the obligations of the Lessee under the Second Finance Lease Agreement.

Condition

The terms of, and the arrangements contemplated under, the Second Finance Lease Agreement are subject to approval by the Shareholders in accordance with the requirements of the Listing Rules.

INFORMATION ABOUT THE FIRST FINANCE LEASE ASSETS AND THE SECOND FINANCE LEASE ASSETS

The First Finance Lease Assets are two water pipeline networks of 29,301 metres long and 32,535 metres long respectively located at Jianye Avenue (建業大道), Economic Development Zone (經開區), Shangrao City (上饒市), Jiangxi Province and at the extension of Jingke Avenue (晶科大道), Shangrao City, Jiangxi Province of the PRC.

The Second Finance Lease Assets are two water pipeline networks of 22,876 metres long and 33,197 metres long respectively located at Hanteng Avenue (漢騰大道), Shangrao City, Jiangxi Province and at Jinke North Avenue (科北大道), Shangrao City, Jiangxi Province of the PRC.

INFORMATION OF LESSEE, THE GUARANTOR AND ITS ULTIMATE BENEFICIAL OWNERS

The Lessee is a limited liability company principally engaged in the business of finance leases in Shangrao City, Jiangxi Province, the PRC. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Lessee is owned as to 35% by Shangrao Digital and Financial Industry Investment Group Co., Ltd.* (上饒市數字和金融產業投資集團有限公司) (“**Shangrao Digital**”), as to 25% by Jingle Win Holding Co., Ltd. (嘉印控股有限公司) (“**Jingle Win**”), as to 20% by Jiangxi Yunji Investment Co., Ltd.* (江西雲濟投資有限公司) (“**Jiangxi Yunji**”) and as to 20% by Shangrao Oubaotong Technology Development Center (Limited Partnership)* (上饒市歐寶通科技發展中心(有限合伙)) (“**Shangrao Oubaotong**”).

Shangrao Digital is a limited liability company established in the PRC and is principally engaged in the financial investment and consultancy services, wholly-owned by Shangrao Investment Holding Group Co., Ltd.* (上饒投資控股集團有限公司) (“**Shangrao Investment**”). Shangrao Investment is a limited liability company established in the PRC and is principally engaged in the investments in urban construction, highways, transportation, tourism, finance, automobiles, new energy, agricultural industrialization, small and medium-sized enterprises, as well as infrastructure and public services. Shangrao Investment is owned by Shangrao State-owned Assets Supervision and Administration Commission (上饒市國有資產監督管理委員會) (“**Shangrao State-owned Assets Commission**”) and Jiangxi Revitalization Development Shanghai Investment No. 2 Investment Center (Limited Partnership)* (江西振興發展上投二號投資中心(有限合夥)) as to approximately 97.71% and approximately 2.29%, respectively.

Jingle Win is a limited liability company incorporated in the Cayman Islands and is principally engaged in investment holding. Jingle Win is owned by Shangrao Zhuoxin Equity Investment Management Center (Limited Partnership)* (上饒市卓信股權投資管理中心(有限合伙)) (“**Shangrao Zhuoxin**”) and Shangrao Jiixin Equity Investment Management Center (Limited Partnership)* (上饒市嘉信股權投資管理中心(有限合伙)) (“**Shangrao Jiixin**”) as to 60% and 40%, respectively. Shangrao Zhuoxin is a limited partnership established in the PRC and is principally engaged in investment holding. Shangrao Zhuoxin is ultimately wholly-owned by Mr. Li Xiande (李仙德) (“**Mr. Li**”). Shangrao Jiixin is a limited partnership established in the PRC and is principally engaged in investment holding. Shangrao Jiixin is ultimately wholly-owned owned by Mr. Chen Kangping (陳康平) (“**Mr. Chen**”).

Jiangxi Yunji is a limited liability company established in the PRC and is principally engaged in land arrangement and development, infrastructure construction, engineering construction and operations management of sewage treatment projects; industrial investment, venture capital investment and investment advisory services. Jiangxi Yunji is wholly-owned by the Guarantor. The Guarantor is a limited liability company established in the PRC and is principally engaged in the management and operation of state-owned assets, industrial investment, industry investment, investment, construction and entrusted construction and project management of infrastructure and public facilities; land development and investment and provision of financial services. The Guarantor is owned by Shangrao State-owned Assets Commission and Shangrao City Economic and Technological Development Zone Management Committee (上饒經濟技術開發區管理委員會) as to 55% and 45%, respectively.

Shangrao Oubaotong is a limited partnership established in the PRC and is principally engaged in domestic trade agency and trade brokerage service. Shangrao Oubaotong is ultimately owned as to 60% by Mr. Li and as to 40% by Mr. Chen respectively.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiry, each of the Lessee, the Guarantor and its ultimate beneficial owners is third parties independent of the Company and its connected persons.

REASONS FOR THE FINANCE LEASE ARRANGEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of finance leasing services, property leasing services, supply chain management services, asset management and consultancy services.

South China Leasing is an indirect non wholly-owned subsidiary of the Company and is principally engaged in the business of finance leasing in the PRC.

The Finance Lease Agreements were entered into in the ordinary and usual course of business of South China Leasing and under normal commercial terms. The entering into of the Finance Lease Agreements will enable South China Leasing to earn a net finance lease income over the lease terms. The Board is of view that the terms of each of the Finance Lease Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Finance Lease Agreements have been entered into between a subsidiary of the Company with the same lessee on even date, under Rule 14.22 of the Listing Rules, the transactions contemplated under the Finance Lease Agreements shall be aggregated as one transaction. As the highest applicable percentage ratio, on an aggregated basis, exceeds 25% but is less than 100%, the Finance Lease Agreements constitute a major transaction for the Company under the Listing Rules, and shall be subject to the reporting, announcement and the shareholders' approval requirements under the Listing Rules. As no shareholder is interested in the transaction and is required to abstain from voting if the Company were to convene a general meeting to approve the Finance Lease Agreements, the Company has approved the Finance Lease Agreements by the written approval of Wheeling Holdings, the controlling shareholder of the Company, holds approximately 50.84% of the issued share capital of the Company as at the date of the Finance Lease Agreements, pursuant to Rule 14.44 of the Listing Rules and is exempted from the requirement to convene a shareholders' meeting for the approval of the Finance Lease Agreements.

GENERAL

The Company will despatch the circular to the Shareholders on or before 26 July 2021.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“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 same meaning ascribed to it under the Listing Rules;
“First Finance Lease Agreement”	the agreement dated 14 July 2021 entered into between South China Leasing and the Lessee in respect of the finance lease for the First Finance Lease Asset;

“First Finance Lease Assets”	the assets subject to the First Finance Lease Agreement which shall be leased back to the lessee pursuant to the terms and conditions thereunder;
“Finance Lease Agreements”	collectively, the First Finance Lease Agreement and the Second Finance Lease Agreement;
“Guarantor”	上饒創新發展產業投資集團有限公司* (Shangrao Innovation Development and Industry Investment Group), a company established in the PRC with limited liability;
“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;
“Lessee”	金源華興融資租賃有限公司* (Jinyuan Huaxing Financial Leasing Co., Ltd.), a company established in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Finance Lease Agreement”	the agreement dated 14 July 2021 entered into between South China Leasing and the Lessee in respect of the finance lease for the Second Finance Lease Asset;
“Second Finance Lease Assets”	the assets subject to the First Finance Lease Agreement which shall be leased back to the lessee pursuant to the terms and conditions thereunder;
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“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;

“Wheeling Holdings” Wheeling Holdings Limited, a company incorporated in Samoa and is the controlling shareholder of the Company holds approximately 50.84% of the issued share capital in the Company as at the date of this announcement; and

“%” per cent.

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

Hong Kong, 14 July 2021

As at the date of this announcement, the Board 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 Nonexecutive Director) and Ms. On Danita (Independent Non-executive Director).

* *For identification purpose only*