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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 September 2020, South China Leasing, an indirect non wholly-owned subsidiary of the Company, entered into two finance lease agreements with the Lessee.

As the Lessee of the First Finance Lease Agreement and the Second Finance Lease Agreement is the same party, the transactions contemplated under the First Finance Lease Agreement shall be aggregated with the Second Finance Lease Agreement pursuant to Rule 14.22 of the Listing Rules. As the highest percentage ratio in respect of the transactions contemplated under the First Finance Lease Agreement, when aggregated with the Second Finance Lease Agreement, is more than 25% but less than 100%, each of the transactions under the Finance Lease Arrangement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As no shareholder is interested in the transactions and is required to abstain from voting if the Company were to convene a general meeting to approve the Finance Lease Arrangement, the Company has approved the Finance Lease Arrangement by the written approval of Wheeling Holdings, the controlling shareholder of the Company, which holds approximately 50.84% of the issued share capital of the Company as at the date of the First Finance Lease Agreement and the Second Finance Lease Agreement, 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 Arrangement.

As the Company expects that it will require more than 15 business days to collate the information to be included in the circular, including the indebtedness statement of the Company, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and delay the despatch of the circular to on or before 4 December 2020.

THE FINANCE LEASE AGREEMENTS

On 14 September 2020, South China Leasing, an indirect non wholly-owned subsidiary of the Company, entered into two finance lease agreements with the Lessee.

The Lessee of the First Finance Lease Agreement and the Second Finance Lease Agreement is both a limited liability company principally engaged in the businesses of coal and timber trading and port logistic services in Rugao City (如皋市), Jiangsu Province, the PRC. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiry, the Lessee and its ultimate beneficial owner are third-parties independent of the Company and its connected persons.

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 Assets under the First Finance Lease Agreement to the Lessee for a term of three years. South China Leasing will purchase the Assets under the First Finance Lease Agreement from the Lessee and lease the Assets under the First Finance Lease Agreement back to the Lessee.

The principal amount under the finance lease is RMB150,000,000 (equivalent to approximately HK\$169,500,000). The Lessee will repay the principal amount in twelve instalments during the term of the finance lease. It will make the interest payment on a quarterly basis at a rate equal to the benchmark interest rate for 3-year RMB loans published by the People's Bank of China from time to time plus 15%.

South China Leasing is also entitled to a handling fee of RMB5,625,000 (equivalent to approximately HK\$6,356,250), payable by the Lessee, in one lump sum prior to the commencement of the lease 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 Assets under the First Finance Lease Agreement is RMB150,000,000 (equivalent to approximately HK\$169,500,000), which was determined by the parties after arm's length negotiations with reference to the valuation of the Assets under the First Finance Lease Agreement based on the cost method of approximately RMB168,372,100 (equivalent to approximately HK\$190,260,473). The consideration for the purchase of the Assets under the First Finance Lease Agreement 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 Assets under the First Finance Lease Agreement at a nominal purchase price of RMB50 (equivalent to approximately HK\$56.50).

Guarantee

The Guarantor, which indirectly holds 35% equity of the Lessee, will provide a guarantee in favour of South China Leasing in respect of the performance of obligations under the First Finance Lease Agreement by the Lessee.

The Second Finance Lease Agreement

Subject matter

South China Leasing will provide a finance lease with respect to the Assets under the Second Finance Lease Agreement to the Lessee for a term of three years. South China Leasing will purchase the Assets under the Second Finance Lease Agreement from the Lessee and lease the Assets under the Second Finance Lease Agreement back to the Lessee.

The principal amount under the finance lease is RMB150,000,000 (equivalent to approximately HK\$169,500,000). The Lessee will repay the principal amount in twelve instalments during the term of the finance lease. It will make the interest payment on a quarterly basis at a rate equal to the benchmark interest rate for 3-year RMB loans published by the People's Bank of China from time to time plus 15%.

South China Leasing is also entitled to a handling fee of RMB5,625,000 (equivalent to approximately HK\$6,356,250), payable by the Lessee, in one lump sum prior to the commencement of the lease 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 Assets under the Second Finance Lease Agreement is RMB150,000,000 (equivalent to approximately HK\$169,500,000), which was determined by the parties after arm's length negotiations with reference to the valuation of the Assets under the Second Finance Lease Agreement based on the cost method of approximately RMB182,856,600 (equivalent to approximately HK\$206,627,958). The consideration for the purchase of the Assets under the Second Finance Lease Agreement 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 Assets under the Second Finance Lease Agreement at a nominal purchase price of RMB50 (equivalent to approximately HK\$56.50).

Guarantee

The Guarantor, which indirectly holds 35% equity of the Lessee, will provide a guarantee in favour of South China Leasing in respect of the performance of obligations under the Second Finance Lease Agreement by the Lessee.

CONDITION

The terms of, and the arrangements contemplated under, the First Finance Lease Agreement and the Second Finance Lease Agreement are subject to approval by the Shareholders in accordance with the requirements of 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 Arrangement, the Company has approved the Finance Lease Arrangement by the written approval of Wheeling Holdings, the controlling shareholder of the Company, which holds 2,025,736,972 Shares in the Company (representing approximately 50.84% of the total issued share capital of the Company) as at the date of the First Finance Lease Agreement and the Second Finance Lease Agreement, pursuant to Rule 14.44 of the Listing Rules.

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

The Assets under the First Finance Lease Agreement are buildings and other auxiliary facilities, including sewage processing system, external electricity supply system and electricity conversion equipment, located in Rugao Port (如皋港區) of Rugao City, Jiangsu Province, PRC.

The Assets under the Second Finance Lease Agreement are buildings and other auxiliary facilities, including external electricity supply system and cranes located in Rugao Port (如皋港區) of Rugao City, Jiangsu Province, PRC.

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 and other financial services and property leasing and provision of building management services and assets management.

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 First Finance Lease Agreement and the Second Finance Lease Agreement 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 First Finance Lease Agreement and the Second Finance Lease Agreement will enable South China Leasing to earn a net finance lease income over the three-year lease term. The Board is of view that the terms of the First Finance Lease Agreement and the Second Finance Lease Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GENERAL

As the Lessee of the First Finance Lease Agreement and the Second Finance Lease Agreement is the same party, the transactions contemplated under the First Finance Lease Agreement shall be aggregated with the Second Finance Lease Agreement pursuant to Rule 14.22 of the Listing Rules. As the highest percentage ratio in respect of the transactions contemplated under the First Finance Lease Agreement, when aggregated with the Second Finance Lease Agreement, is more than 25% but less than 100%, each of the transactions under the Finance Lease Arrangement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As no shareholder is interested in the transactions and is required to abstain from voting if the Company were to convene a general meeting to approve the Finance Lease Arrangement, the Company has approved the Finance Lease Arrangement by the written approval of Wheeling Holdings, the controlling shareholder of the Company, which holds approximately 50.84% of the issued share capital of the Company as at the date of the First Finance Lease Agreement and the Second Finance Lease Agreement, 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 Arrangement.

As the Company expects that it will require more than 15 business days to collate the information to be included in the circular, including the indebtedness statement of the Company, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and delay the despatch of the circular to on or before 4 December 2020.

DEFINITIONS

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

“Assets under the First Finance Lease Agreement”	the assets to be leased back to the Lessee by South China Leasing under the First Finance Lease Agreement;
“Assets under the Second Finance Lease Agreement”	the assets to be leased back to the Lessee by South China Leasing under the Second Finance Lease Agreement;
“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;
“Finance Lease Arrangement”	Purchase of the Assets under the First Finance Lease Agreement and the Assets under the Second Finance Lease Agreement by South China Leasing from the Lessee and leasing back the Assets under the First Finance Lease Agreement and the Assets under the Second Finance Lease Agreement to the Lessee by South China Leasing in accordance with the terms of the First Finance Lease Agreement and the Second Finance Lease Agreement;
“First Finance Lease Agreement”	the agreement entered into between South China Leasing and the Lessee on 14 September 2020 in relation to the leasing of the Assets under the First Finance Lease Agreement;
“Guarantor”	中國林業集團有限公司 (China Forestry Group Corporation);
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lessee”	如皋港務集團有限公司 (Rugao Port Group Co., Ltd);
“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, Macao Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Finance Lease Agreement”	the agreement entered into between South China Leasing and the Lessee on 14 September 2020 in relation to the leasing of the Assets under the Second Finance Lease Agreement;
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company;

“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;
“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; and
“%”	per cent.

Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.13. 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
Xu Liang
Chairman

Hong Kong, 14 September 2020

As at the date of this announcement, the Board comprises Mr. Xu Liang (Chairman), Mr. Su Guifeng (Managing Director), Ms. Li Jing (Executive Director), Ms. You Wenli (Non-executive Director), Mr. Huang Donglin (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Mr. Wan Siu Wah, Wilson (Independent Non-executive Director) and Mr. Zhang Xingyu (Independent Non-executive Director).

* *For identification purpose only*