



首長國際企業有限公司
SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

(股份代号: 00697)

2019 Annual Results

April 2020



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Performance Overview

Performance Overview



- 2019 is the second year of the Company's transformation while the profitability of main business has been improved prominently with concerted efforts of the team.
- According to the financial performance, the Company has declared a final dividend in the total amount of HK\$500 million for the year ended 31 December 2019, amounting to HK7.22 cents per share (based on the completion of share consolidation on the basis of every five ordinary shares of the Company consolidated into one ordinary share).

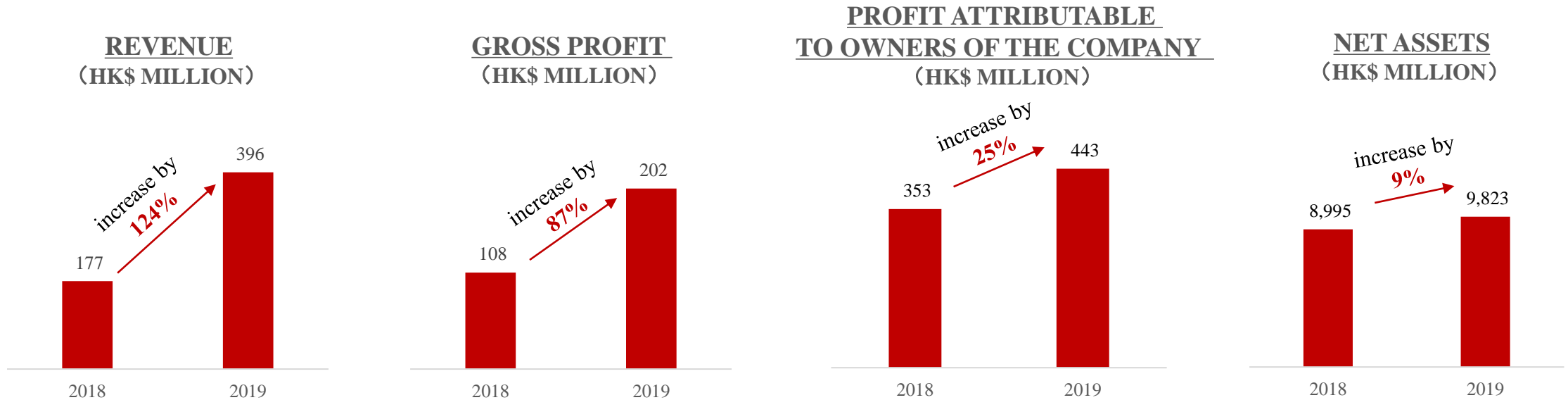
Key Performance Indicators	Unit	2019	2018 (Restated)	Variations
Revenue	HK\$ million	396	177	124%
Gross profit margin	%	51%	61%	-10%
Profit attributable to owners of the Company	HK\$ million	443	353	25%
Earnings per share (Results of the continuing operations, after the effect of the Share Consolidation)	HK cent	8.31	7.67	8%
Total assets	HK\$ million	10,997	9,430	17%
Net assets	HK\$ million	9,823	8,995	9%
Bank balances and cash	HK\$ million	3,057	3,034	1%

- Significant growth in the business size of the car parking assets operation and management business results in the stabilization of the gross profit margin.

Key Performance Indicators



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- With the rapid expansion of the car parking assets operation and management business and urban renewal-oriented fund management business, the Group's continuing operations recorded significant increase in revenue and gross profit.
- Profit attributable to owners of the Company for the year amounted to HK\$443 million, representing an increase of 25.5% compared to last year.
- During the year, the Group continued to obtain great support from new and existing strategic investors. The investment of strategic investors and the improvement of the Company's profit jointly promote the growth of net assets.



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Financial Review

Segment Overview



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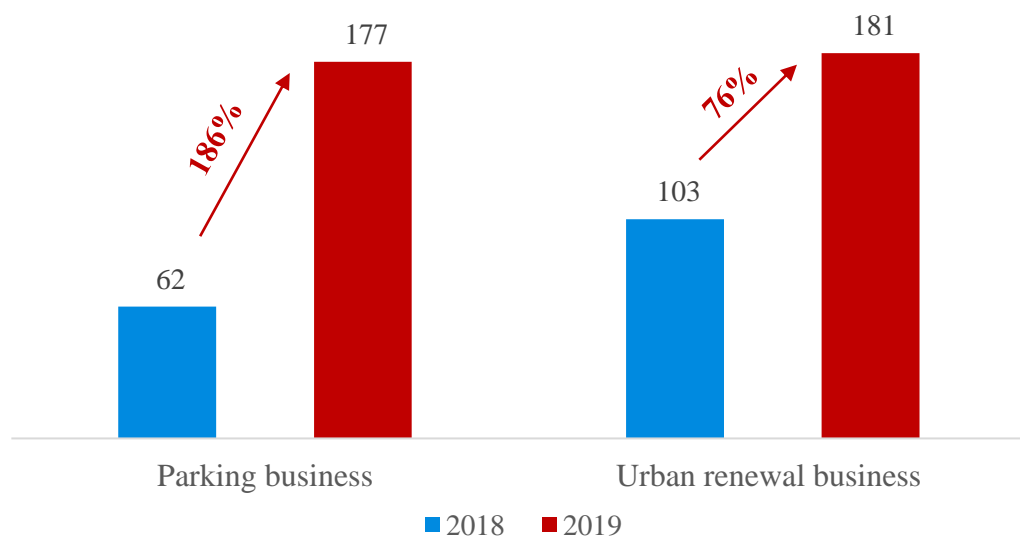
Operation/Entity	Attributable interest	For the year ended 31 December	
		2019	2018 (Restated)
		HK\$ Million	HK\$ Million
1、 Car parking asset operation and management business	100%	(43)	(23)
2、 Urban renewal-oriented fund management business	100%	195	25
Sub-total		152	2
3、 Share of results of associates			
Shougang Resources	27.61%	290	278
Shougang Century	35.71%	5	(3)
Others		1	-
Sub-total		296	275
4、 Others			
Disposal of the equity interest of Shougang Century		(125)	-
Australian tax recoverable		148	-
Corporate and others (including the results of discontinued operations)		(28)	76
Sub-total		(5)	76
Profit attributable to owners of the Company		443	353

Scale of Principal Business Expands Rapidly

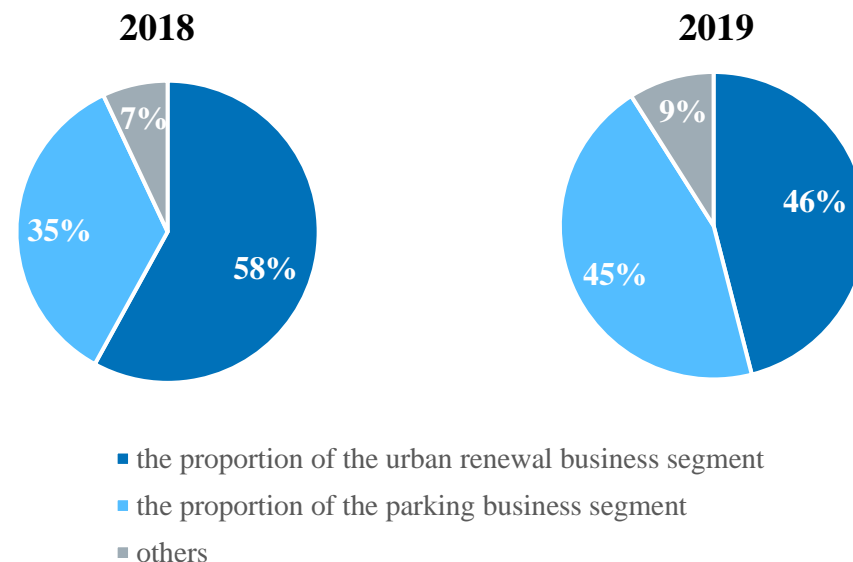


- In 2019, the Group had ceased its iron ore trading and completed its business restructuring, formally shifted its business focus to the car parking assets operation and management business and urban renewal-oriented fund management business.
- The parking business segment recorded revenue of approximately HK\$177 million for the year, representing an increase of **186%** compared to last year. In comparison to 2018, parking business revenue has increased from 35% to 45% in proportion to the total revenue.
- The urban renewal business segment recorded revenue of approximately HK\$181 million for the year, representing an increase of **76%** compared to last year.

REVENUE
(HK\$ MILLION)



REVENUE STRUCTURE



Share of Results of Associates



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Shougang Resources:

The profit of the Group's share of Shougang Resources in the current period was **HK\$290 million** while last year's profit was HK\$278 million, representing an increase of 4.3% compared to last year.



Shougang Resources is a 27.61% owned associate of the Company listed in Hong Kong and is a major hard coking coal producer in China, which now operates three premium coal mines in Shanxi province with its business developing stably. The strong financial position of Shougang Resources with nearly zero gearing ratio and bank balances of HK\$4.8 billion enables it to improve its value when appropriate investment opportunities arise.

Shougang Century:

The Group's share of its profit was **HK\$5 million** in current period.



Shougang Century is a 35.71% owned associate of the Company listed in Hong Kong and in the period, the Group has completed the disposal of equity interest in Shougang Century.



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Review of Business Development

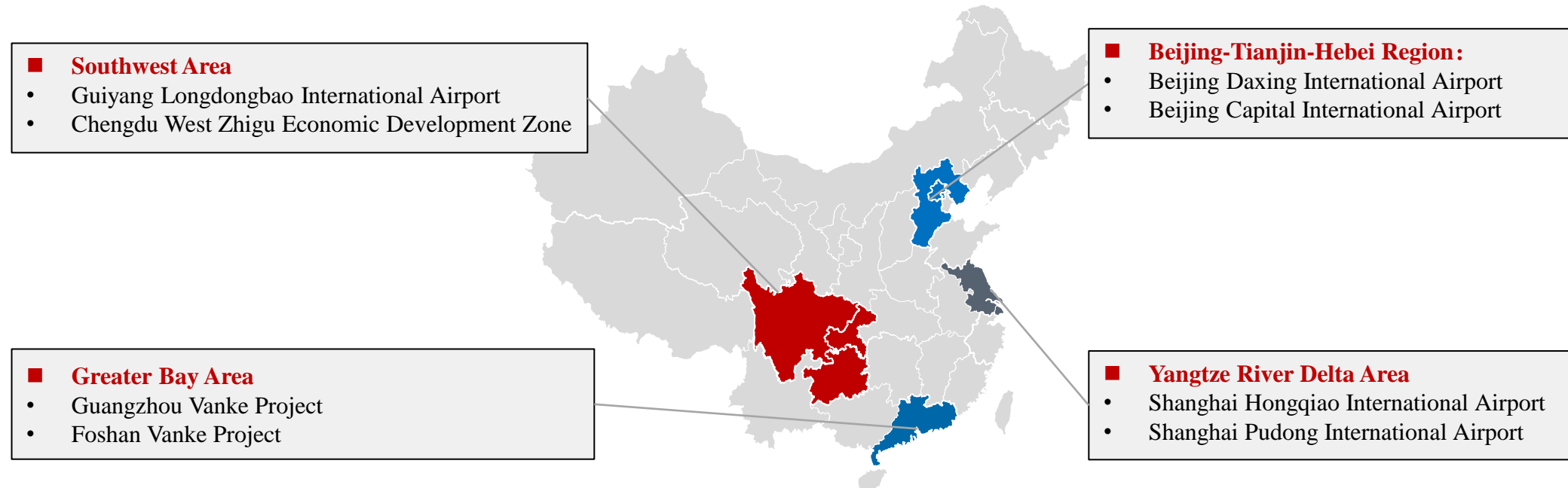
Car Parking Assets Operation and Management



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Business Development

- **Project Layout:** The Group has signed contracts about dozens of projects in Beijing, Beijing-Tianjin-Hebei area (outside Beijing), Yangtze River Delta region and Greater Bay Area, which greatly expanded the project layout
- **Asset Scale:** Asset scale increased rapidly and the group obtained more than 70,000 units parking space.
- **Categories:** The Group has classified the car parking assets held by it into three major product lines, namely the municipal facilities car parking product segment, commercial car parking product segment and roadside car parking product segment.



Car Parking Assets Operation and Management

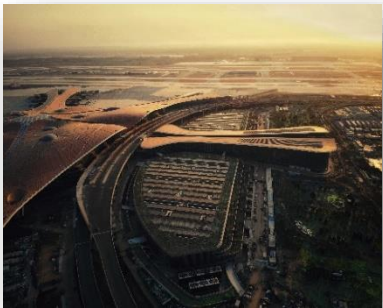


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Important Advances

- In July 2019, the Group won the bid for 15 years of operating rights of No.1 parking lot, No.2 parking building, GTC parking building and No.5 parking lot in **Beijing Capital International Airport**, successively extending the lead in the operation of airport parking lot.
- In late September 2019, the highly-anticipated **Daxing Airport** was put into operation, with its marvelous space design featuring the integration of traditional and modern architecture concepts, bringing additionally high traffic flow to the parking buildings of the airport, and further enhancing the Company's brand recognition.
- The Group covered the whole of **Beijing-Shanghai airport line** car parking resources, standing stronger as the leader in the airport car parking.
- The Group obtained the 30-year operating rights of over 13,000 roadside parking spots in major urban areas in Baoding City, Hebei Province.

Daxing Airport



Capital Airport



Hongqiao Airport



Guiyang Airport



Pudong Airport



Car Parking Assets Operation and Management



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SONIC Platform

- The Group leveraged on the computing platform operated by JD iCity to jointly develop the S-PARK Online Network Information Center (SONIC) platform which is featured with functions covering parking management, business innovation, facility management and AI + big data, so as to collect information on parking lots, set up information middle office, formulate information standards and establish **parking management information system**.
- With the account system, membership system and bonus points system, we were able to produce accurate profiles of the users and parking lots and empowered parking management with AI + big data. Coupled with the application of the “finance + advertisement + insurance + automotive aftermarket” operation mode, we made innovations to diversify income stream and provided **integrated intelligent parking solutions**.



Urban Renewal Business



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Rapid increase of scale

- **Model :** The Group adopts the real estate financial model of “funds + bases + industries” to participate in the development, management, operation, and exit of industrial entities.
- **New Fund Management Business:** In 2019, urban renewal-oriented fund management business witnessed an exponential growth, and the scale of new fund management business was **RMB 14.875 billion**.
- **Total management scale:** As at 31 December 2019, the Group has managed or been responsible for investing into or operating 25 funds in total, with a total management scale of approximately **RMB 42.904 billion**

High-quality investors

- **NSSF:** The Group successfully introduced the National Council for Social Security Fund (“NSSF”) as the limited partner which paid the largest single contribution, establishing the fund with the scale of **RMB 6 billion**. Introducing the NSSF to the strategic investment of the funds managed by the Group has symbolic significance.
- **Large Financial Funds:** The investors of the currently managed funds include Royal Golden Eagle, Agricultural Bank of China, China Merchants Bank, China Life Insurance and other large financial funds.
- **Provincial and Municipal Governments :** The investors also include fund investment institutions of the provincial and municipal governments such as Beijing, Chengdu, Hebei, Jilin, Sichuan and Heilongjiang.

Impressive investment return

- **Performance:** The business recorded revenue of **HK\$181 million** and net profit of **HK\$195 million** for the whole year of 2019.
- **Impressive investment return :** As the fund manager. When the funds gradually benefit and exit from the invested projects, the Group expects to gain impressive investment return.
- **Prospects :** With the steady growth in the number and size of funds under management, the Group expects that in the foreseeable future, the management fee income and return on investment from the provision of private fund management services is going to achieve a continuous and rapid growth.



Important Advances

- The Shouao Industrial Park project jointly launched by the Company and Tishman Speyer (a renowned real estate developer) has commenced construction and is scheduled to be put into operation in **May 2021**. It is expected to become the first large-scale commercial complex at Shougang Park to serve the 2022 Beijing Winter Olympic Games and the citizen at the surrounding areas.
- Beijing Shoujing Xiangying Enterprise Management Co., Ltd., a company cofounded by the Company's wholly owned subsidiary and a subsidiary of Royal Golden Eagle in October 2019, won the bidding of the land use rights of several parcels of land at the southeast area of New Shougang High-end Industry Comprehensive Service Park at the end of 2019 with a planned gross area of approximately **240,000 sq.m.**, which is aimed to be developed into a quality commercial office complex.





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Progress of Business Transformation

Investment from Strategic Shareholders



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- During the year, the Group continued to obtain great support from new and existing strategic investors.
- In March, Hopu Investment and Matrix Partners China invested approximately **HK\$846 million**.
- In November, JD Fountain Technology invested **HK\$450 million**; existing shareholders namely Shougang Holding (Hong Kong) Limited, ORIX Group, NWS Group and Matrix Partners China also increased their holdings of the Company's shares by approximately **HK\$1.745 billion**.
- The above brought the total investment amount to **HK\$3.041 billion**. With the support of the investors, the Company has a bigger cash reserve; with sufficient capability and solid backing to face different types of uncertainties.

Disposal of Non Principal Business Asset



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Iron ore trade: reducing scale and transfer the long-term purchase agreement

- In 2019, the Group further reduced the scale of its iron ore trading business and transferred the iron ore offtake agreement with Mount Gibson Iron Limited to Newton Resources Limited at the consideration of **HK\$150 million** on 31 May 2019.
- After then, the Group had **ceased its iron ore trading** and completed its business restructuring.

Disposal of equity interests of associate company

- For the purpose of strategic focus, the Company entered into the sale and purchase agreement with Shougang Holding on 21 November 2018, pursuant to which the Company conditionally agreed to dispose and Shougang Holding conditionally agreed to purchase the 35.71% equity interest in Shougang Century.
- The disposal was completed on 9 April.
- As a result of the disposal of the equity interests, the Group recognised a loss of approximately HK\$125 million during the year.



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Prospects



In 2020, faced with the market opportunities and challenges, we will stay committed to pursuing more speedy development of the car parking assets management business and urban renewal-oriented fund management business

➤ **Car parking business:**

- The domestic car parking industry in the PRC currently has serious problems including excessive market dispersion, weak technology strengths and low management efficiency as well as lack of leading enterprise in the industry, which represent a huge space for integration and market expansion.
- As the first and only listed company in China that focuses on the investment and operation of car parking assets, the Group is committed to becoming a pioneer and promoter of the car parking industry by continuing to consolidate and strengthen its existing advantage as the first-mover and increasing its investments in the car parking industry. The Group will not only focus on the domestic market, but also the overseas.
- It is expected that the Group will achieve extremely fast development in respect of car parking operation in the future.

➤ **Fund management business:**

- While creating long-term and stable profits for the Company, the fund management business also contributed to the growth of the Company's urban renewal and car parking business. A unique development model of “funds + bases + industries” was formed, providing a solid foundation for the Group's robust growth in the future.
- In view of the strong fundraising capability and tremendous investors base (international large-scale financial institutions and provincial and municipal government investment fund of the Company), it is expected that the management service income from future equity fund business and net profit contribution from investment exit will continue to rise as the fund size increases.



客戶第一	團隊協作	教學相長
品質至上	成果導向	充滿激情
開放包容	擁抱變化	忠誠奉獻