

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**首程控股有限公司**  
**SHOUCHENG HOLDINGS LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 697)

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION  
IN RELATION TO  
THE PROPOSED RESTRUCTURING**

**THE PROPOSED RESTRUCTURING**

**The Sale and Purchase Agreement**

On 15 January 2021, the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with King Rich, a connected person of the Company, pursuant to which the Vendor has conditionally agreed to sell, and King Rich has conditionally agreed to purchase, the Sale Shares, which represent the entire issued share capital of each of the Subject Companies, at a consideration of HK\$3,513,509,976.

**The Consideration**

The consideration of HK\$3,513,509,976 was agreed after arms' length negotiations between the Vendor and King Rich and having taken into account the recent market price of Shougang Resources Shares and the trading liquidity of Shougang Resources Shares, which has been relatively low prior to the Last Trading Date. The consideration of HK\$3,513,509,976 reflects an indirect transfer of 1,463,962,490 Shougang Resources Shares at a consideration of HK\$2.40 per Shougang Resources Share.

The consideration is to be settled by way of cash upon completion of the Proposed Restructuring.

The Directors (excluding (i) Mr. Zhao Tianyang, Mr. Xu Liang and Mr. Liang Hengyi, the executive Directors who have abstained from voting in respect of the Board resolutions approving the Proposed Restructuring; and (ii) the members of the Independent Board Committee who will form their view after receiving advice from the independent financial adviser of the Company) consider that the consideration is fair and reasonable and is in the

interests of the Company and the Shareholders as a whole.

### **Conditions**

Completion of the Proposed Restructuring is subject to and conditional upon the fulfillment (or waiver thereof, if applicable) of following conditions precedent (the "**Conditions**"):

- (i) the approval from the Independent Shareholders of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder at the GM convened in accordance with the Listing Rules, and such approval remaining valid, effective and not having been rescinded or revoked;
- (ii) the filing, registration or approval, as applicable, with or by the State-Owned Assets Supervision and Administration Commission of the State Council of PRC, or its local authorities, and such other applicable PRC governmental approvals in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder having been obtained or completed, and such filing, registration or approval, as applicable, remaining valid, effective and not having been rescinded or revoked;
- (iii) the waiver from the Purchaser's and/or Shougang Holding's obligation to make a mandatory general offer for Shougang Resources Shares not already owned or agreed to be acquired by King Rich and its parties acting in concert (as defined in the Takeovers Code) under Rule 26.1 of the Takeovers Code as a result of the transactions contemplated under the Sale and Purchase Agreement having been obtained and remaining valid, effective and not subsequently revoked by the Executive and all conditions (if any) imposed by the Executive in respect of such waiver have been satisfied in all respects;
- (iv) (if necessary after consultation with the Executive pursuant to the Takeovers Code)
  - (i) the ruling from the Executive that the Proposed Restructuring does not constitute a special deal referred to under Rule 25 of the Takeovers Code or (ii) consent from the Executive having been obtained (in the event that the Proposed Restructuring is considered as a special deal) and remains valid, effective and not subsequently revoked by the Executive and all conditions (if any) imposed by the Executive in respect of such consent have been satisfied in all respects or (iii) Rule 25 of the Takeovers Code ceases to apply to the transaction contemplated under the Sale and Purchase Agreement;
- (v) the representations, warranties and undertakings made in respect of the Vendor, the Subject Companies and the Sale Shares are true, accurate and not misleading in any material respects; and
- (vi) the representations, warranties and undertakings made in respect of King Rich are true, accurate and not misleading in any material respects under the Sale and Purchase Agreement.

Upon Completion, the Subject Companies will cease to be subsidiaries of the Company. As at the date of this announcement, the Subject Companies hold, directly and indirectly, approximately 28.98% in aggregate of all issued shares of Shougang Resources. Accordingly, upon Completion, the Company will also cease to have any indirect interest in Shougang Resources as a result of the Proposed Restructuring.

Shougang Resources is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0639). Shougang Resources is an integrated coking coal corporation in central-western China, principally engaged in mining of coking coal, production and sales of raw and clean coking coal.

### **APPLICATION FOR WAIVER**

The Proposed Restructuring may lead to a general offer for all Shougang Resources Shares under the Takeovers Code unless otherwise waived by the Executive. As informed by King Rich, King Rich and Shougang Holding have applied to the Executive for a waiver to dispense with the obligation to make a mandatory general offer for Shougang Resources Shares not already owned or agreed to be acquired by them pursuant to Rule 26.1 of the Takeovers Code as a result of the Proposed Restructuring.

The Proposed Restructuring is an arrangement between the Vendor (being an indirect shareholder of Shougang Resources) and King Rich (being a direct and indirect shareholder of Shougang Resources), which is not capable of being extended to all shareholders of Shougang Resources and takes place within the six-month period from the close of the Share Buy-back Offer. As such, the Proposed Restructuring may be considered by the Executive as a special deal falling within Rule 25 of the Takeovers Code. Following consultation with the Executive pursuant to the Takeovers Code, if necessary, an application will be made to the Executive for its ruling as to whether the Proposed Restructuring constitutes a special deal under Rule 25 of the Takeovers Code and if so, the Executive's consent thereto pursuant to Rule 25 of the Takeovers Code.

As at the date of this announcement, the Executive has not granted any waiver or ruling pursuant to Rule 26.1 and Rule 25 of the Takeovers Code in respect of the Proposed Restructuring. In the event that Condition(s) (iii) or (iv), as applicable, as set out in the section headed "Conditions" in this announcement is/are not fulfilled, the parties to the Proposed Restructuring may negotiate for an alternative arrangement, subject to compliance with the Listing Rules and the Takeovers Code.

### **IMPLICATIONS UNDER THE LISTING RULES**

As King Rich is indirectly wholly-owned by Shougang Group, the controlling shareholder of the Company, King Rich is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreement and the transactions

contemplated thereunder exceeds 75%, the Proposed Restructuring constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Proposed Restructuring is therefore subject to reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules and the resolution(s) approving the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder will be voted on by the Independent Shareholders by poll at the GM.

The GM will be convened for Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Only Independent Shareholders will be entitled to vote at the GM on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Shougang Group, King Rich and their respective associates, which together own and control approximately 35.95% of the issued Shares as at the date of this announcement, will be required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder.

## **GENERAL**

A circular containing, among other things, (i) further details of the Proposed Restructuring; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder; and (iii) a notice convening the GM, will be despatched to the Shareholders on or before 15 April 2021 as the Company expects that additional time will be required for preparing the information to be contained in the circular.

## **WARNING**

**As completion of the Proposed Restructuring is subject to the satisfaction of the Conditions, the Proposed Restructuring may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

**There is no assurance that any forward-looking statements regarding the business development of the Group in this announcement or any of the matters or transactions set out herein are attainable, will actually occur or will be realized or are complete or accurate. The financial and other data relating to the Group as disclosed in this announcement has also not been audited or reviewed by its auditors. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.**

## **THE PROPOSED RESTRUCTURING**

On 15 January 2021, the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with King Rich, a connected person of the Company, pursuant to which the Vendor has conditionally agreed to sell, and King Rich has conditionally agreed to purchase, the Sale Shares, which represent the entire issued share capital of each of the Subject Companies, at a consideration of HK\$3,513,509,976.

The Subject Companies hold, directly and indirectly, approximately 28.98% in aggregate of all issued shares of Shougang Resources as at the date of this announcement.

The principal terms of the Sale and Purchase Agreement are set out below.

### **The Sale and Purchase Agreement**

#### **Date**

15 January 2021

#### **Parties**

- (1) the Vendor as vendor; and
- (2) King Rich as purchaser

King Rich is an indirect wholly-owned subsidiary of Shougang Group, the controlling shareholder of the Company. Accordingly, King Rich is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

#### **Subject matter**

The Vendor has conditionally agreed to sell, and King Rich has conditionally agreed to acquire, the Sale Shares, which represent the entire issued share capital of each of the Subject Companies. As at the date of this announcement, the Subject Companies hold, directly and indirectly, approximately 28.98% in aggregate of all issued shares of Shougang Resources.

#### **Consideration**

The consideration of HK\$3,513,509,976 was agreed after arms' length negotiations between the Vendor and King Rich and having taken into account the recent market price of Shougang Resources Shares and the trading liquidity of Shougang Resources Shares, which has been relatively low prior to the Last Trading Date.

The consideration of HK\$3,513,509,976 reflects an indirect transfer of 1,463,962,490 Shougang Resources Shares at a consideration of HK\$2.40 per Shougang Resources Share, representing:

- (i) a premium of approximately 29.73% to the closing price of HK\$1.850 per Shougang

Resources Share as quoted on the Stock Exchange as at the Last Trading Date;

- (ii) a premium of approximately 29.59% to the average closing price of HK\$1.852 per Shougang Resources Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 27.46% to the average closing price of HK\$1.883 per Shougang Resources Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 28.48% to the average closing price of HK\$1.868 per Shougang Resources Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Last Trading Date; and
- (v) a premium of approximately 38.33% to the average closing price of HK\$1.735 per Shougang Resources Share as quoted on the Stock Exchange for the last 180 consecutive trading days up to and including the Last Trading Date.

The consideration is to be settled by way of cash upon completion of the Proposed Restructuring.

On the above basis, the Directors (excluding (i) Mr. Zhao Tianyang, Mr. Xu Liang and Mr. Liang Hengyi, the executive Directors who have abstained from voting in respect of the Board resolutions approving the Proposed Restructuring; and (ii) the members of the Independent Board Committee who will form their view after receiving advice from the independent financial adviser of the Company) consider that the consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Conditions**

Completion of the Proposed Restructuring is subject to and conditional upon the fulfillment (or waiver thereof, if applicable) of following conditions precedent (the "**Conditions**"):

- (i) the approval from the Independent Shareholders of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder at the GM convened in accordance with the Listing Rules, and such approval remaining valid, effective and not having been rescinded or revoked;
- (ii) the filing, registration or approval, as applicable, with or by the State-Owned Assets Supervision and Administration Commission of the State Council of PRC, or its local authorities, and such other applicable PRC governmental approvals in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder having been obtained or completed, and such filing, registration or approval, as applicable, remaining valid, effective and not having been rescinded or revoked;
- (iii) the waiver from the Purchaser's and/or Shougang Holding's obligation to make a mandatory general offer for Shougang Resources Shares not already owned or agreed to be acquired by King Rich and its parties acting in concert (as defined in the Takeovers

Code) under Rule 26.1 of the Takeovers Code as a result of the transactions contemplated under the Sale and Purchase Agreement having been obtained and remaining valid, effective and not subsequently revoked by the Executive and all conditions (if any) imposed by the Executive in respect of such waiver have been satisfied in all respects;

- (iv) (if necessary after consultation with the Executive pursuant to the Takeovers Code) (i) the ruling from the Executive that the Proposed Restructuring does not constitute a special deal referred to under Rule 25 of the Takeovers Code or (ii) consent from the Executive having been obtained (in the event that the Proposed Restructuring is considered as a special deal) and remains valid, effective and not subsequently revoked by the Executive and all conditions (if any) imposed by the Executive in respect of such consent have been satisfied in all respects or (iii) Rule 25 of the Takeovers Code ceases to apply to the transaction contemplated under the Sale and Purchase Agreement;
- (v) the representations, warranties and undertakings made in respect of the Vendor, the Subject Companies and the Sale Shares are true, accurate and not misleading in any material respects; and
- (vi) the representations, warranties and undertakings made in respect of King Rich are true, accurate and not misleading in any material respects under the Sale and Purchase Agreement.

Conditions (i), (ii), (iii) and (iv) are non-waivable. If Condition (iv) is deemed unnecessary after consultation with the Executive pursuant to the Takeovers Code, Condition (iv) shall become waivable by the parties to the Proposed Restructuring in writing. Conditions (v) and (vi) may be waived in whole or in part by King Rich and the Vendor respectively. If any of the Conditions are not fulfilled or waived (as the case may be) on or before the Long Stop Date or such later date as the parties may agree in writing, the Sale and Purchase Agreement shall automatically lapse and be of no further force and effect; and neither party shall have any claim against the other save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement pursuant to the provisions expressly stated to continue without limit in time.

### **Completion**

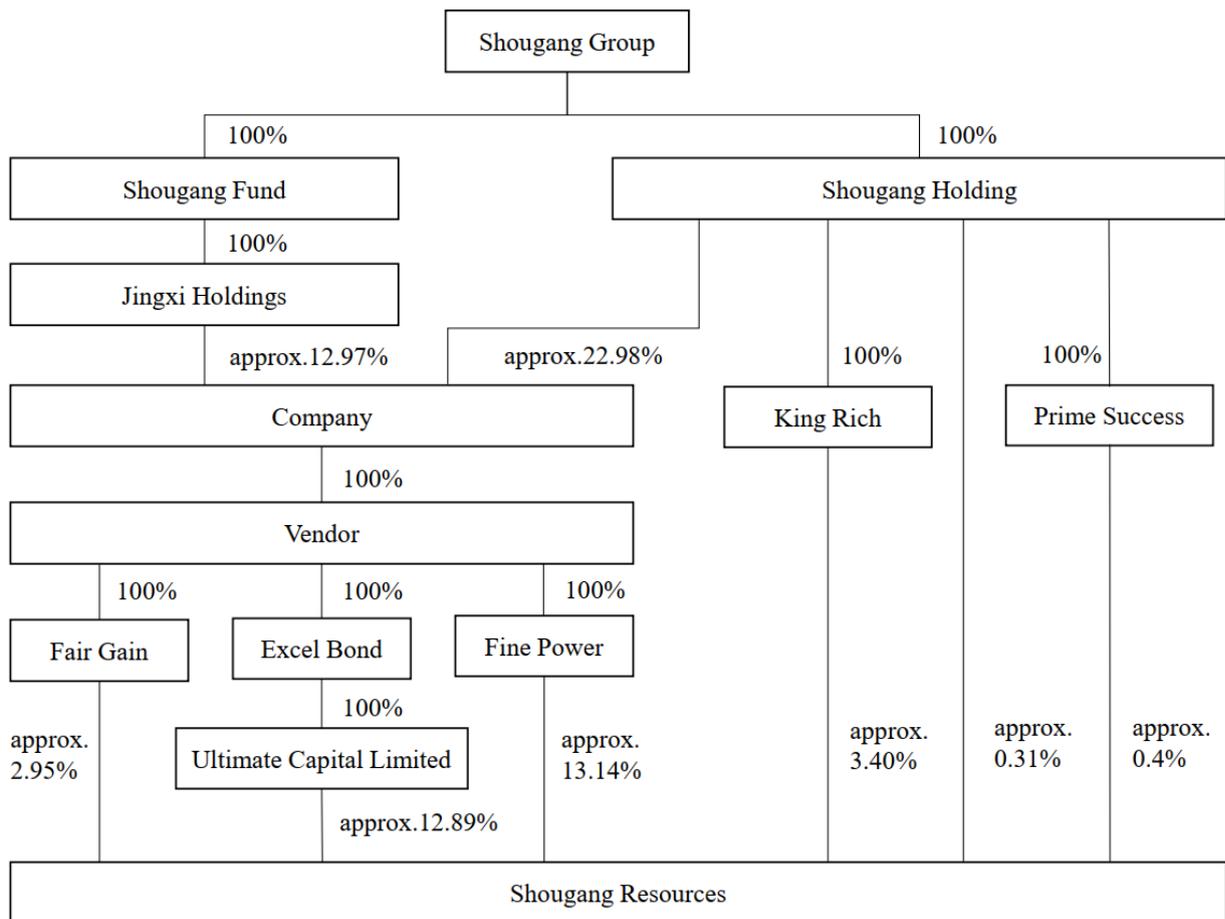
Completion shall take place on the twenty-first (21st) Business Day after the date (not being later than the Long Stop Date) on which the last of the Conditions is satisfied or waived (as the case may be), or such other date as King Rich and the Vendor may agree in writing.

## SHAREHOLDING STRUCTURES BEFORE AND AFTER COMPLETION OF THE PROPOSED RESTRUCTURING

Upon Completion, the Subject Companies will cease to be subsidiaries of the Company. As at the date of this announcement, the Subject Companies hold, directly and indirectly, approximately 28.98% in aggregate of all issued shares of Shougang Resources. Accordingly, upon Completion, the Company will also cease to have any indirect interest in Shougang Resources as a result of the Proposed Restructuring.

The simplified shareholding structures of the Company, the Subject Companies and Shougang Resources immediately before and after the completion of the Proposed Restructuring are set out below:

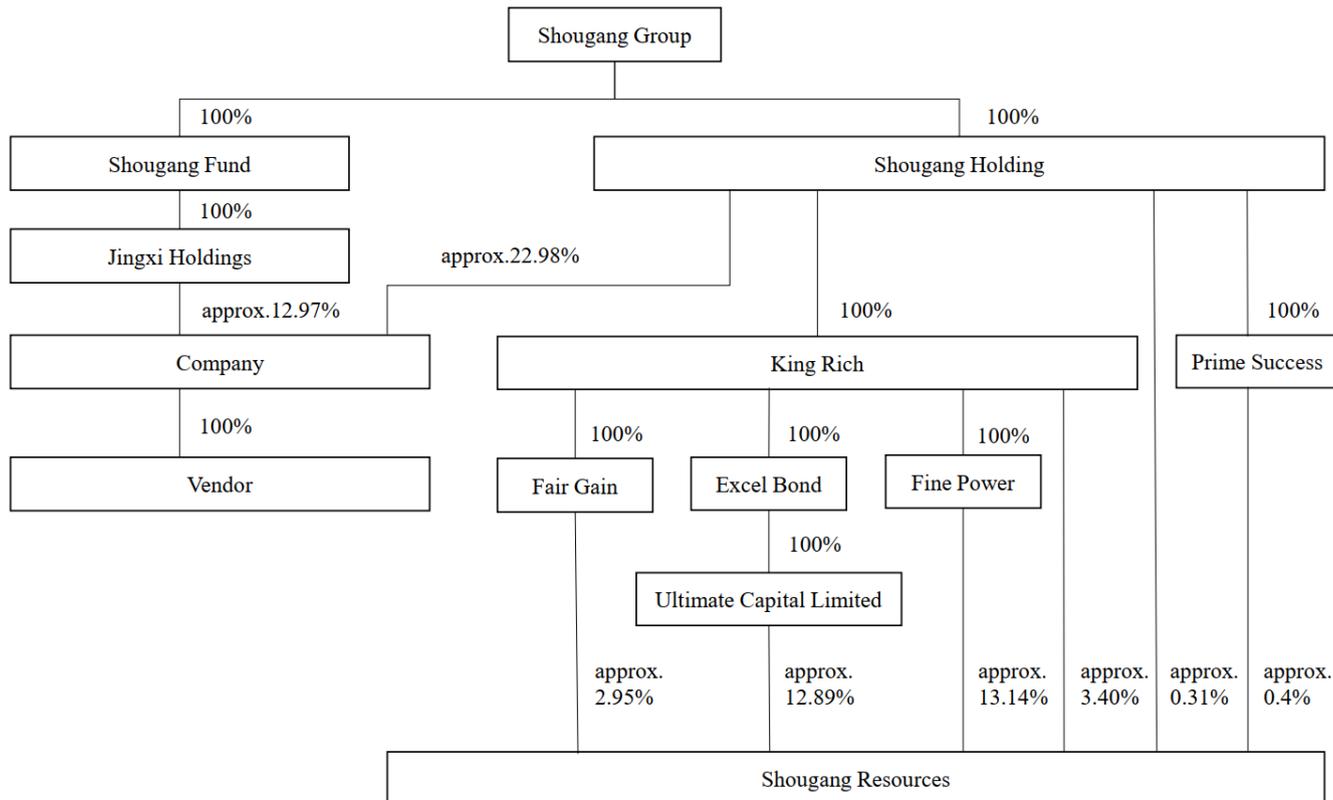
### *Immediately before completion of the Proposed Restructuring*



**Note:**

*As at the date of this announcement, the Company is held as to 35.95% by Shougang Group through its associated companies, of which 22.98% shareholding in the Company is directly and indirectly held by Shougang Holding through a number of its subsidiaries.*

***Immediately after completion of the Proposed Restructuring***



**Note:**

*As at the date of this announcement, the Company is held as to 35.95% by Shougang Group through its associated companies, of which 22.98% shareholdings in the Company is directly and indirectly held by Shougang Holding through a number of its subsidiaries.*

**INFORMATION OF THE PARTIES**

**King Rich and Shougang Group**

King Rich is a company incorporated in the British Virgin Islands which is principally engaged in investment holding. It is an indirectly wholly-owned subsidiary of Shougang Group.

Shougang Group is a state-owned enterprise established in the PRC and a controlling shareholder of the Company.

**The Group, the Subject Companies and the Vendor**

The Group mainly focuses on the management and operations of car parking assets and the management of private funds that are oriented towards urban redevelopment.

The Vendor is a company incorporated in Samoa which is principally engaged in investment holding and a wholly-owned subsidiary of the Company.

Each of Excel Bond, Fine Power and Fair Gain is a company incorporated in the BVI and is principally engaged in investment holding.

As at the date of this announcement, the Subject Companies hold, directly and indirectly, approximately 28.98% in aggregate of all issued shares of Shougang Resources, and their respective shareholding in Shougang Resources represents the sole asset held by each of the Subject Companies. Save as the aforesaid, none of the Subject Companies carry on any business, hold any other asset or have incurred any liability.

### **Shougang Resources**

Shougang Resources is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0639). Shougang Resources is an integrated coking coal corporation in central-western China, principally engaged in mining of coking coal, production and sales of raw and clean coking coal.

### ***Financial Information of Shougang Resources***

According to the annual report of Shougang Resources for the year ended 31 December 2019, the audited consolidated financial results of Shougang Resources and its subsidiaries for the two financial years ended 31 December 2018 and 2019 are as follows:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>
	<i>HK('000)</i>	<i>HK('000)</i>
	<i>(approx.)</i>	<i>(approx.)</i>
<b>Results</b>		
Profit/(loss) before tax	1,639,709	1,632,815
Profit/(loss) after tax	1,151,928	1,176,141
<b>Assets and liabilities</b>		
Total assets	21,251,042	21,472,710
Net assets	16,775,806	17,046,312

According to the interim report of Shougang Resources for the six months ended 30 June 2020, as at 30 June 2020, the unaudited consolidated net asset value of Shougang Resources and its subsidiaries was approximately HK\$16,799,335,000.

### **REASONS FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING**

The Group is principally engaged in management and operations of car parking assets business, management of private funds that are oriented towards urban redevelopment business.

The Board undertakes strategic review of its businesses from time to time with a view to

maximizing returns to the Shareholders and to align with the business development strategy direction of the Group. Since late 2017 and 2018, the Group has shifted its focus from iron ore trading business to the management and operations of car parking assets business as well as the management of private funds that are oriented towards urban redevelopment. Following three years of hard work, the principal businesses of the Group have been laid a solid foundation for sustainable development, with its respective business scales having maintained high growth rates. The Group has achieved significant improvement in its financial performance, and has sustained continuous growth. The stock prices and the market capitalization of the Company have also increased continuously, which provide stable cash dividends and capital appreciation to the Shareholders. The Group is confident and optimistic for the future development of its car parking and urban renewal businesses.

With respect to management and operations of car parking assets business, the Group has initially established the four core business network which is spanned across Beijing Tianjin-Hebei, Yangtze River Delta, Southwest Region and Greater Bay Regional Area. It has further polished core products, enriched business landscape, expanded cooperation model, and added the new business format – parking spaces with property rights based on the existing product format. Meanwhile, the Group has further increased investment in research and development, implemented technological innovations into parking spaces operations and management, and improved operational efficiency while creating new business growth point. In the first half of 2020, the cumulative management scale of contracted parking space was more than 100,000 units. While most of the new parking spaces signed in 2020 have not yet been put into operation and the revenue scale has not yet been fully released, revenue of this operating segment was HK\$155 million, resulting an increase of 126% compared to the same period in 2019.

In the first half of 2020, the Group's management of private funds with a focus on urban redevelopment business has grown steadily. As of 30 June 2020, the Group has achieved a cumulative fund management scale of approximately RMB 43.4 billion, attracting a width of investors including the National Council for Social Security Fund, Singapore Golden Eagle Group, Agricultural Bank of China, China Merchants Bank, China Life Insurance and other large financial institutions. Compared to the same period in 2019, the scale of the same operating segment of the Group has increased by approximately RMB 3 billion, which is a significant increase that brought about impressive management fee revenue to the Group.

The synergy between the fund management business and the car parking business has further emerged. The industrial funds deployed in key areas provide good relationships, business resources and industry chains collaboration for the expansion of the parking business. In addition, with the accumulation of the Group's business in the parking industry, funds with parking business as the main direction are also gradually implementing.

At the same time, as at the date of this announcement, the Company holds investments in Shougang Resources, an associate company (as defined under the Hong Kong Financial Reporting Standards) whose shares are listed on the Stock Exchange.

Shougang Resources is principally engaged in the mining and sales of coking coal in Shanxi Province of the PRC. It possesses quality coal assets and has achieved stable profitability in the past. In 2009, the Company (previously known as Shougang Concord International

Enterprises Company Limited) invested in Shougang Resources and became a major shareholder. Such equity investment was made in line with the Group's development strategy at that time to establish a more complete and valuable industrial chain by opening up the upstream and downstream links of the core businesses and bringing into synergetic effects.

Since the Group shifted its focus to developing its current principal businesses, the development direction of its principal businesses and that of Shougang Resources have emerged to become different and non-complementary to each other, which makes it more challenging to achieve synergistic development effect. In the short term, Shougang Resources undoubtedly brings value to the financial performance of the Company. However, the Group is fully aware that its business development shall align with its long-term strategies which mainly focuses on car parking and urban renewal businesses. Having considered the aforesaid and the optimized allocation of its resources, the Group considers that it is not able to further deploy professionals to manage its equity investment in Shougang Resources. In addition, despite the Company being a substantial shareholder of Shougang Resources of approximately 28.98% equity interests, the Company is unable to contribute funds and resources support to Shougang Resources to reign in further synergies. With limited contribution which the Group can offer to the development of Shougang Resources, the Company considers that the continued holding of this particular investment will not benefit its Shareholders in the long run.

In addition, as at 30 June 2020, the Group's equity investment in Shougang Resources has accounted for approximately 35% of the total assets of the Group. To continue the holding of its equity interest in Shougang Resources significantly limits the Group's ability to optimize its asset structure. If the asset structure is unable to reflect the nature of the Group's principal businesses, it will be challenging for the Company to properly position itself in the capital markets, which may adversely affect the valuation and market perception of the Company.

Furthermore, the consideration for the Proposed Restructuring shall be paid in cash. In 2020, despite the negative impact of COVID-19 on the Group's business expansion, the management and operations of car parking assets business still maintains a rapid growth rate. Apart from entering into arrangements for a number of large-scale parking projects in Baoding, Nanjing and other places, strategical cooperation agreements have also been entered into with a number of regional governments and enterprises in respect of the management and operations of car parking assets business. Compared to 2019 and 2018, the management and operations of car parking assets business has shown accelerated growth momentum. The cash consideration to be received from the Proposed Restructuring not only supports the existing funding needs of the Group's car parking and urban renewal businesses and enhances the risk tolerance of the Group under complicated economic environment, but also allows the Group to seize the Mainland China car parking industry's developmental opportunity window and accelerate the business expansion based on the Group's current business foundation, and thereby contributing better returns to the Shareholders.

Having considered the Group's available assets, resources and future strategies, the Board is of the view that the Proposed Restructuring, and the net proceeds arising therefrom, can facilitate the Group in utilizing its enhanced resources to optimize its current principal business structure. Through greater focus and specialization into the current two major business operating segments, the Board believes that the management and operations of car parking assets business

and urban renewal business will continue to maintain a rapid growth trend in its next stage of development, allowing the Shareholders to further realize shareholder value from their long-term investment in the Group.

In view of the above, the Board (other than (i) Mr. Zhao Tianyang, Mr. Xu Liang and Mr. Liang Hengyi, the executive Directors who have abstained from voting in respect of the Board resolutions approving the Proposed Restructuring; and (ii) the independent non-executive Directors whose opinion will be provided after reviewing the advice of the independent financial adviser of the Company) are of the view that although the Proposed Restructuring is not conducted in the ordinary and usual course of business of the Company due to its transaction nature, the terms of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are fair and reasonable and that the entering into of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE PROPOSED RESTRUCTURING**

As at the date of this announcement, Shougang Resources is accounted for as an associate of the Company in the consolidated financial statements of the Group. The sole asset of the Subject Companies is their respective shareholding in Shougang Resources. Upon Completion, the Company will cease to hold any shares in Shougang Resources and Shougang Resources will cease to be an associate of the Company. In return, the Company will receive a cash payment in the sum of HK\$3,513,509,976.

As at 30 September 2020, the unaudited carrying value of the Company's interest in the Sale Shares is approximately HK\$4,887.84 million. Upon completion of the Proposed Restructuring, the Company's interest in the Sale Shares will no longer be accounted for under the non-current assets of the Group's financial statement as a result of the Proposed Restructuring. On this basis, having considered the consideration under the Sale and Purchase Agreement in the amount of HK\$3,513.51 million and the related transaction costs and taxes, it is estimated that the Company will realize an unaudited loss on the disposal of the Sale Shares of approximately HK\$1,374.33 million (before the reclassification of exchange reserve), which will be debited to the profit and loss, being the difference of the cash proceeds from the disposal of the Sale Shares of approximately HK\$3,513.51 million and the unaudited carrying value of the Sale Shares as at 30 September 2020. The actual loss on the Proposed Restructuring, which will be calculated based on assessment as of the date of the Completion, may be different and is subject to determination.

Although the Company expects to realize a one-off unaudited loss on the disposal of the Sale Shares, the Company considers that the terms of the Proposed Restructuring are fair and reasonable and are in the interest of the Company and its Shareholders as a whole, for the following reasons:

- (1) The historical market prices of the Shougang Resources Shares have consistently fluctuated below HK\$2.00 over the past seven years (save for the limited period in the first quarter of 2018). In addition, the stock liquidity for the Shougang Resources Shares has been relatively low, with its average daily turnover since 2020 maintained at a level

less than HK\$8 million. Therefore, with the Group undertaking the significant disposal of the Sale Shares at a premium of approximately 29.73% over the closing price of HK\$1.850 per Shougang Resources Share as quoted on the Stock Exchange as at the Last Trading Date, the Proposed Restructuring represents an excellent opportunity for the Company to exit its investments in Shougang Resources at a good price.

- (2) Despite the one-off unaudited loss brought about by the Proposed Restructuring, as disclosed in the section headed "*Reasons For and Benefits of The Proposed Restructuring*", having considered the Group's future strategies and the available assets and resources upon completion of the Proposed Restructuring, the Company is of the view that the Proposed Restructuring, and the net proceeds arising therefrom, can facilitate the Group in utilizing its enhanced resources to optimize its current principal business structure. Through greater focus and specialization into the current two major business operating segments, the Company believes that the Group can recover from the unaudited loss resulting from the disposal of the Sale Shares in the long run.

## USE OF PROCEEDS

It is expected that the Company will receive net cash proceeds of approximately HK\$3,513.51 million from the Proposed Restructuring. The Company intends to apply the net proceeds from the Proposed Restructuring on existing business expansion, strategic investment opportunities, as applicable, and general working capital, as follows.

	<b>Proposed Use of Net Proceeds</b>	<b>Tentative allocation in proportion to total expected net cash proceeds arising from the Proposed Restructuring</b>
<b><i>(i) Management and operations of car parking assets</i></b>	The Group expects to apply part of the net cash proceeds towards payment for parking lot renovation expenses, operating system research and development expenses, rental payments and construction cost for new parking buildings. A portion of the net cash proceeds is also expected to be applied towards investment expenditure on the establishment of parking asset investment funds to allow the Group to continue seizing industry opportunities and leveraging on the Group's leading advantage in the field.	Approx. 30% to 40%

*(ii) Urban redevelopment business and management of private funds that are oriented towards urban redevelopment*

The Group expects to utilize part of its net cash proceeds towards its urban redevelopment business, part of which is intended to be applied on the development plan of the Shougang Park and the continuing establishment of private funds towards the urban redevelopment.

Approx. 30% to 40%

Urban redevelopment REITs funds are strategic investment products which have been derived from the integration of the Group's principal businesses. It is expected that investments in the aforesaid funds can effectively enhance the Group's fund management scale and scale of asset under management.

*(iii) General working capital*

As the scale of business and operations of the Group expands, the Company expects to utilize part of the net cash proceeds to replenish, and where appropriate supplement, the daily general working capital of the Group for the administration expenses of the management of the Group, business development expenses and the payment of dividends.

Approx. 20% to 40%

The executive Directors, namely Mr. Zhao Tianyang, Mr. Xu Liang and the Mr. Liang Hengyi, by virtue of their connection with Shougang Group, have abstained from voting in respect of the Board resolutions proposed to approve the Sale and Purchase Agreement and the Proposed Restructuring.

#### **APPLICATION FOR WAIVER**

The Proposed Restructuring may lead to a general offer for all Shougang Resources Shares under the Takeovers Code unless otherwise waived by the Executive. As informed by King Rich, King Rich and Shougang Holding have applied to the Executive for a waiver to dispense with the obligation to make a mandatory general offer for Shougang Resources Shares not already owned or agreed to be acquired by them pursuant to Rule 26.1 of the Takeovers Code as a result of the Proposed Restructuring.

The Proposed Restructuring is an arrangement between the Vendor (being an indirect shareholder of Shougang Resources) and King Rich (being a direct and indirect shareholder of Shougang Resources), which is not capable of being extended to all shareholders of Shougang Resources and takes place within the six-month period from the close of the Share Buy-back

Offer. As such, the Proposed Restructuring may be considered by the Executive as a special deal falling within Rule 25 of the Takeovers Code. Following consultation with the Executive pursuant to the Takeovers Code, if necessary, an application will be made to the Executive for its ruling as to whether the Proposed Restructuring constitutes a special deal under Rule 25 of the Takeovers Code and if so, the Executive's consent thereto pursuant to Rule 25 of the Takeovers Code.

As at the date of this announcement, the Executive has not granted any waiver or ruling pursuant to Rule 26.1 and Rule 25 of the Takeovers Code in respect of the Proposed Restructuring. In the event that Condition(s) (iii) or (iv), as applicable, as set out in the section headed "Conditions" in this announcement is/are not fulfilled, the parties to the Proposed Restructuring may negotiate for an alternative arrangement, subject to compliance with the Listing Rules and the Takeovers Code.

## **IMPLICATIONS UNDER THE LISTING RULES**

As King Rich is indirectly wholly-owned by Shougang Group, the controlling shareholder of the Company, King Rich is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder exceeds 75%, the Proposed Restructuring constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Proposed Restructuring is therefore subject to reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules and the resolution(s) approving the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder will be voted on by the Independent Shareholders by poll at the GM.

The Independent Board Committee comprising all independent non-executive Directors, namely Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Dr. Qiao Yongyuan has been formed to advise the Independent Shareholders on the Proposed Restructuring, the Sale and Purchase Agreement and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

The GM will be convened for Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Only Independent Shareholders will be entitled to vote at the GM on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Shougang Group, King Rich and their respective associates, which together own and control approximately 35.95% of the issued Shares as at the date of this announcement, will be required to abstain from voting

on the resolution to approve the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder.

## **GENERAL**

A circular containing, among other things, (i) further details of the Proposed Restructuring; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder; and (iii) a notice convening the GM, will be despatched to the Shareholders on or before 15 April 2021 as the Company expects that additional time will be required for preparing the information to be contained in the circular.

## **WARNING**

**As completion of the Proposed Restructuring is subject to the satisfaction of the Conditions, the Proposed Restructuring may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

**There is no assurance that any forward-looking statements regarding the business development of the Group in this announcement or any of the matters or transactions set out herein are attainable, will actually occur or will be realized or are complete or accurate. The financial and other data relating to the Group as disclosed in this announcement has also not been audited or reviewed by its auditors. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.**

## **DEFINITIONS**

In this announcement, the following terms and expressions (unless the context otherwise requires) shall have the following respective meanings:

"Board"	the board of Directors
"Business Day"	any day (excluding a Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong, the PRC and the BVI

"BVI"	the British Virgin Islands
"Company"	Shoucheng Holdings Limited (首程控股有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0697)
"Completion"	Completion of the Proposed Restructuring
"Conditions"	has the meaning ascribed to it under the section headed "Conditions" in this announcement
"connected person(s)", "connected transaction(s)" and "controlling shareholder"	have the meanings ascribed to them respectively under the Listing Rules
"Director(s)"	the director(s) of the Company
"Excel Bond"	Excel Bond Investments Limited
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
"Fine Power"	Fine Power Group Limited
"Fair Gain"	Fair Gain Investments Limited
"Group"	the Company and its subsidiaries
"GM"	the general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others things, the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	an independent board committee of the Board comprising all independent non-executive Directors, namely Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Dr. Qiao Yongyuan
"Independent Shareholders"	the Shareholders other than (i) any Shareholder who has a material interest in the Proposed Restructuring other than its interest as a Shareholder and (ii) any close associate of such Shareholder referred to in (i)
"Jingxi Holdings"	Jingxi Holdings Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Shougang Fund and an indirect wholly-owned subsidiary of Shougang Group and also a substantial shareholder of the Company as at the date of this announcement
"King Rich" or "Purchaser"	King Rich Group Limited (京富集團有限公司), a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Shougang Group
"Last Trading Date"	14 January 2021, being the last full trading day of the Shares immediately preceding the date of this announcement
"Long Stop Date"	31 July 2021, or any other date as agreed in writing between King Rich and the Vendor
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Prime Success"	Prime Success Investments Limited, an indirect wholly-owned subsidiary of Shougang Group and also a shareholder of Shougang Resources as at the date of this announcement
"Proposed Restructuring"	the disposal by the Company of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement

"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	a sale and purchase agreement dated 15 January 2021 entered into between King Rich and the Vendor in relation to the Proposed Restructuring of the Sale Shares
"Sale Shares"	collectively, the one (1) ordinary share in the issued share capital of Excel Bond; the one (1) ordinary share in the issued share capital of Fine Power; and the one (1) ordinary share in the issued share capital of Fair Gain, representing the entire issued share capital of each Subject Companies
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	the ordinary share(s) of the Company
"Share Buy-back Offer"	the offer by Shougang Resources to buy-back 250,000,000 Shougang Resources Shares at the price of HKD2.00 per share, completed on 28 September 2020
"Shareholder(s)"	the holder(s) of Shares
"Shougang Fund"	北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of Shougang Group
"Shougang Group"	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a state-owned enterprise established in the PRC and a controlling shareholder of the Company
"Shougang Holding"	Shougang Holding (Hong Kong) Limited (首鋼控股(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Group
"Shougang Resources"	Shougang Fushan Resources Group Limited (首鋼福山資源集團有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 0639)

"Shougang Resources Share(s)"	the ordinary share(s) of Shougang Resources
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subject Companies"	collectively, Excel Bond, Fine Power and Fair Gain
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Vendor"	Shoujing Yifei Holdings Limited
%	per cent.

By order of the Board  
**Shoucheng Holdings Limited**  
**Zhao Tianyang**  
*Chairman*

Hong Kong, 15 January 2021

*As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Xu Liang, Mr. Li Wei (President), Mr. Liang Hengyi and Ms. Zhang Meng as Executive Directors; Dr. Li Yinhui, Mr. Liu Jingwei, Mr. Ho Gilbert Chi Hang and Mr. Li Hao as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Dr. Qiao Yongyuan as Independent Non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The information relating to Shougang Resources in this announcement has been extracted from or based on the published information of Shougang Resources, including its annual report for the two financial years ended 31 December 2019. The only responsibility accepted by the Directors in respect of such information is for the correctness and fairness of its reproduction or presentation.*

*\* For identification purpose only*