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

DISCLOSEABLE TRANSACTION STRATEGIC INVESTOR PLACING AGREEMENT

INTRODUCTION

On 25 May 2021, Beijing Shouyuan, an indirect wholly-owned subsidiary of the Company, entered into the Strategic Investor Placing Agreement with CICC Fund, pursuant to which Beijing Shouyuan, as strategic investor, has agreed to subscribe for the Subscription Fund Units at the Subscription Amount (the “**Subscription**”).

IMPLICATIONS UNDER THE LISTING RULES

Given that one or more of the applicable percentage ratios are more than 5% but all are less than 25%, the entering into of the Strategic Investor Placing Agreement and the Subscription contemplated thereunder constitute a discloseable transaction of the Company and accordingly, is subject to announcement and reporting requirements but is exempt from shareholders’ approval requirement under Chapter 14 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Strategic Investor Placing Agreement are fair and reasonable and that the entering into of the Strategic Investor Placing Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

INTRODUCTION

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STRATEGIC INVESTOR PLACING AGREEMENT

The principal terms of the Strategic Investor Placing Agreement in relation to the Subscription are set out below:

Date

25 May 2021

Parties

- (1) Beijing Shouyuan, as investor
- (2) CICC Fund, as fund manager

The Subscription

Subject to the conditions set out in the paragraph headed “Conditions Precedent” below being fulfilled, Beijing Shouyuan, as strategic investor, has agreed to subscribe for the Subscription Fund Units at the Subscription Amount.

The Subscription Fund Units to be subscribed by Beijing Shouyuan shall be 10% of the Offered Units, being 150,000,000 Fund Units.

Consideration and Payment

The subscription amount payable by Beijing Shouyuan under the Strategic Investor Placing Agreement shall be RMB583,500,000 (the “**Subscription Amount**”), which is calculated by multiplying the Subscription Fund Units placed to Beijing Shouyuan by the Offer Price as determined by CICC Fund as fund manager under the Public Offering, being RMB3.890 per Offered Unit.

The Subscription Fund Units were determined after arm’s length negotiations between the parties to the Strategic Investor Placing Agreement based on the size of investment as offered by CICC Fund and accepted by the Company, and prevailing market conditions. The Subscription Amount shall be paid within the time as stipulated in the payment notice(s) to be issued by CICC Fund to Beijing Shouyuan.

Beijing Shouyuan will fund the Subscription Amount (and all related transaction fees) by its internal resources.

Conditions Precedent

The Subscription shall be subject to the successful establishment of the REIT and the Public Offering; and upon the receipt of payment of the Subscription Amount (together with subscription fee and tax fee (if any)) from Beijing Shouyuan.

Restriction on Disposal

Beijing Shouyuan shall be subject to a lock-up period of 12 months from the date on which the REIT is listed on a stock exchange.

REASONS FOR AND BENEFITS OF THE STRATEGIC INVESTOR PLACING AGREEMENT

Firstly, the Company considers this investment a very good business opportunity because (i) in the long term, based on the stable and diversified underlying assets portfolio of the REIT

and the rental income generated by its leases, the earnings of the REIT tend to be relatively consistent and predictable over time; (ii) the REIT is obligated to pay out at least 90% of their distributable income as dividends, which makes the dividend yield of the REIT higher than most publicly traded equities; (iii) GLP is the leader in the logistics real estate industry. It has more than 30 million square metres of high quality assets in mainland China. Large-scale high quality assets make the REIT sufficient room for development.

Secondly, the Company has made parking, and infrastructure and real estate fund management as its principal businesses, of which the parking business mainly comprises long term operation rights, new BOT projects and property rights holding projects, with the characteristics of high demand and low operational cost. In the field of infrastructure and real estate fund management, the Company applies the “fund + base + industry” model, making use of fund investment to radiate industrial resources and effectively increase asset values. The pilot policy of infrastructure public offering of REITs is a major innovation of China’s asset securitisation, and the Company is welcoming a new era of infrastructure REITs. Infrastructure assets with long term steady cash flow are considered as high quality underlying assets of REITs, which are exactly the characteristics of the Company’s assets in parking and urban city renewal. The Company will make use of public offering of REITs to seek new exit routes for the high quality infrastructure assets. Through the strategic investment in the REIT, the Company is expected to establish a leading position in the infrastructure REITs market at the early stage, which is also in line with the Company’s strategy formulated last year. At the same time, with this strategic investment in the REIT, the Company will have a more comprehensive understanding of the REITs markets and will be more prepared for the issuance of REITs in the future.

Further, the Company has the opportunity to cooperate with the original equity owner of the REIT, GLP, to be deeply planted in the infrastructure and real estate industry, to operate with the concept of “precise investment + lean operation”, and furthermore to optimize the Company’s business model. The Company adheres firmly to the concept of “precise investment + lean operation”, and believes that combining the two enables the building of a moat mechanism for the Company’s long-term development. The Company will adhere to a people-oriented concept, make full use of technological support, to fully improve the parking lots usage efficiency through standardized and large-scale operation mode, so as to improve operational efficiency. The Company and GLP are both in a relatively leading position in the infrastructure and real estate industry. The Company believes that the strategic investment in the REIT will help both parties to share resources, improve operation efficiency, and achieve synergy effect. With the opportunity given by REITs, the lean operation capabilities which the Company is equipped with can fundamentally improve the liquidity of the assets and create long-term value for investors. Based on the superior ability in the entire process of fundraising, investment, management and withdrawal, the Company will continue to expand the fund management scale, to gain more edges in the development of infrastructure and real estate industry, and to further enhance its market influence in the industry. In five years, the Company plans to expand the scale of the infrastructure real estate fund management to US\$10 billion, and achieve proposed goal for the year 2027 as mentioned in the past years’ Chairman’s report.

INFORMATION OF THE REIT

The REIT

According to the Offering Document, the REIT is an infrastructure fund to be established in the PRC. The REIT will mainly invest in projects of which warehousing and logistics infrastructure projects are the final investment targets.

The fund manager of the REIT is CICC Fund. The REIT has applied for listing of the Fund Units on the Shanghai Stock Exchange.

Financial Information

As at the date hereof, the REIT has not been established and therefore the financial information of the REIT is not available.

Set out below is the financial information contained in the Offering Document of the target project companies which are proposed to be acquired by the REIT for each of the two years ended 31 December 2020 as disclosed in the pro forma consolidated financial statements:

	For the year ended 31 December 2020	For the year ended 31 December 2019
	<i>RMB</i>	<i>RMB</i>
Net Asset Value	1,360,531,838.58	1,557,278,979.65
Net Profit before taxation	162,127,985.75	146,600,633.85
Net Profit after taxation	121,270,942.65	110,966,716.12

INFORMATION ON THE GROUP AND THE PARTIES

The Group mainly focuses on the parking business, and infrastructure and real estate fund management business.

Beijing Shouyuan, an indirect wholly owned subsidiary of the Company, is a company established in the PRC with limited liability. It is principally engaged in investment.

CICC Fund is a securities investment fund management company established in the PRC with limited liability. It is principally engaged in fund raising, sales of funds and asset management for specific clients, asset management and other business as permitted by the China Securities Regulatory Commission.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the REIT, CICC Fund and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Given that one or more of the applicable percentage ratios are more than 5% but all are less than 25%, the entering into of the Strategic Investor Placing Agreement and the Subscription contemplated thereunder constitute a discloseable transaction of the Company and accordingly, is subject to announcement and reporting requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms of the Strategic Investor Placing Agreement are fair and reasonable and that the entering into of the Strategic Investor Placing Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Beijing Shouyuan”	北京首源投资有限公司 (Beijing Shouyuan Investment Co., Ltd.*), a limited liability company established in the PRC;
“Board”	the board of Directors;
“CICC Fund”	中金基金管理有限公司 (CICC Fund Management Co., Ltd.*), a limited liability company established in the PRC;
“Company”	Shoucheng Holdings Limited (stock code: 697), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Fund Unit(s)”	a unit is a constituent part of the REIT;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offering Document”	the draft offering document filed with the Shanghai Stock Exchange on 19 May 2021 regarding the application for public offering of the REIT on the Shanghai Stock Exchange;
“Offer Price”	the final RMB price per Fund Unit at which the REIT are to be subscribed for pursuant to the Public Offering, being RMB3.890;
“Offered Units”	the total number of Fund Units being offered for subscription under the Public Offering, being 1,500,000,000 Fund Units;
“Public Offering”	the offer of Fund Units for subscription by the public on the Shanghai Stock Exchange at the Offer Price;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

“REIT”	a real estate investment fund to be established in the PRC with the proposed name 中金普洛斯倉儲物流封閉式基礎設施證券投資基金 (CICC GLP Warehousing and Logistics Closed Infrastructure Securities Investment Fund*);
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategic Investor Placing Agreement”	the strategic investor placing agreement dated 25 May 2021 entered into between Beijing Shouyuan and CICC Fund in relation to the Subscription;
“Subscription”	has the meaning ascribed thereto under the section headed “Introduction” of this announcement;
“Subscription Amount”	has the meaning ascribed thereto under the section headed “Strategic Investor Placing Agreement - Consideration and Payment” of this announcement;
“Subscription Fund Units”	such number of Fund Units to be subscribed by Beijing Shouyuan pursuant to the Strategic Investor Placing Agreement at the Subscription Amount; and
“%”	per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 26 May 2021

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Xu Liang, Mr. Li Wei (President) 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.

** For identification purposes only*