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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE INVESTMENT ADVISORY AGREEMENT

INVESTMENT ADVISORY AGREEMENT

The Board is pleased to announce that on 29 June 2022, the Investment Manager, an indirect wholly-owned subsidiary of the Company, entered into the Investment Advisory Agreement with the Portfolio Advisor, pursuant to which, the Portfolio Advisor was appointed as the investment advisor of the Investment Manager for the provision of the Services during the term of the appointment.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ORIX is indirectly interested in approximately 14.34% of the total issued Shares and therefore a substantial Shareholder. The Portfolio Advisor is an indirect wholly-owned subsidiary of ORIX and therefore a connected person of the Company. Accordingly, the provision of the Services under the Investment Advisory Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the proposed annual caps of the Advisory Fee is more than 0.1% but are all less than 5%, the provision of the Services under the Investment Advisory Agreement is subject to reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INVESTMENT ADVISORY AGREEMENT

The Board is pleased to announce that on 29 June 2022, the Investment Manager, an indirect wholly-owned subsidiary of the Company, entered into the Investment Advisory Agreement with the Portfolio Advisor, pursuant to which, the Portfolio Advisor was appointed as the investment advisor of the Investment Manager for the provision of the Services during the term of the appointment.

The principal terms of the Investment Advisory Agreement are set out below:

- Date** : 29 June 2022
- Parties** : (i) Shouhe, as the Investment Manager; and
(ii) OAAM, as the Portfolio Advisor

Services to be provided

The Portfolio Advisor shall provide certain investment advisory and other services (the “**Services**”) to the Investment Manager in respect of the Fund, as requested by the Investment Manager from time to time in accordance with the terms and conditions of the Investment Advisory Agreement, including the followings:

- (a) assisting with identifying potential investors for the Fund’s offering of interests;
- (b) assisting with identifying potential investment opportunities for the Fund;
- (c) providing market research reports, investment research reports and relevant analyses as the Investment Manager may reasonably request from time to time, subject to certain limitations as set out in the Investment Advisory Agreement; and
- (d) providing other advisory services as reasonably requested by the Investment Manager, subject to the capacity of and the resources available to the Portfolio Advisor.

Term of appointment and termination

The appointment of the Portfolio Advisor shall commence on the first closing date of the Fund (the “**Closing Date**”) and shall continue until termination of the appointment, which shall be terminated (a) on the earlier of (i) the second anniversary of the Closing Date and (ii) the termination of the term of the Fund; or (b) upon the mutual agreement of the Investment Manager and the Portfolio Advisor. In any event, the Investment Advisory Agreement shall terminate by the third anniversary of the date of the Investment Advisory Agreement, unless extended by the Investment Manager and the Portfolio Advisor in compliance with the requirements of the Listing Rules.

Notwithstanding the aforementioned term of appointment, the Investment Manager or the Portfolio Advisor may at any time terminate the appointment of the Portfolio Advisor and the Investment Advisory Agreement with immediate effect by giving notice to the other party upon occurrence of certain events as set out in the Investment Advisory Agreement, including, among others, liquidation or similar proceedings of the other party.

Annual caps of the Advisory Fee and basis of determination

The Advisory Fee shall be calculated and accumulated daily at the rate of 0.5% per annum of the total contributed subscription amount of the Fund, provided that the amount of the annual Advisory Fee shall not exceed US\$1 million. In the case of a partial year, the Advisory Fee shall be prorated based on the number of days in the relevant partial year as a percentage of 365 days.

The Advisory Fee is payable in arrears on a semi-annual basis (i.e. after the end of each June and December), provided that the first instalment shall cover the period from the Closing Date through the end of the relevant semi-annual period (i.e. end of June or December in the relevant Fiscal Year during which the Closing Date occurs).

The following table sets out the proposed annual caps of the Advisory Fee payable to the Portfolio Advisor by the Investment Manager under the Investment Advisory Agreement:

	For the year ending 31 December 2022 <i>(US\$'000)</i>	For the year ending 31 December 2023 <i>(US\$'000)</i>	For the year ending 31 December 2024 <i>(US\$'000)</i>
Proposed annual caps	150 ^(Note)	1,000	1,000

Note:

As the Closing Date of the Fund is expected to be in August 2022, the annual cap for the year ending 31 December 2022 is proposed to be US\$150,000.

The proposed annual caps of the Advisory Fee were determined by the Investment Manager and the Portfolio Advisor after arm's length negotiations with reference to (i) the expected investment amount of the Fund; and (ii) the Advisory Fee rate of 0.5% per annum, which is in line with normal market terms for similar investment advisory services.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE INVESTMENT ADVISORY AGREEMENT

The Company's main businesses are infrastructure and real estate fund management business and parking business, having already laid out large-scale infrastructure assets in the fields of parking and industrial parks through the Pre-REITs fund model, and is committed to improving asset efficiency and revenue levels through lean operations. With the official launch of the infrastructure publicly-offered REITs in China, the synergy between the two main businesses will create greater value. The infrastructure publicly-offered REITs provide development channels and exit paths for parking assets of the Company, thus opening up a closed-loop model from asset acquisition to asset operation and upgrading and then to asset securitization, and finally forming a business model and operation advantage of "efficient operation center of infrastructure asset + infrastructure real estate fund management". In the future, the Company will rely on its strong fund-raising ability, accurate industrial investment ability, lean operation and management ability, as well as mature and comprehensive exit ability, to accelerate the establishment of a unique REITs whole industry chain operation and development model.

As an important strategic shareholder and business partner of the Company, ORIX Group has provided significant support during strategic transformation of the Company over the past five years. Meanwhile, as one of the world's largest diversified financial groups, ORIX Group has over US\$500 billion in global assets under management and has extensive experience in infrastructure asset investment and asset management. In China, ORIX Group's investment enterprises, including outstanding industrial companies in the fields of photovoltaics and municipal sewage treatment, possess abundant reserve projects that can be used for publicly-offered REITs issuance; outside of China, ORIX Group has accumulated rich experience in

financial services and real estate development and operation, and successfully listed the first comprehensive J-REIT real estate trust fund ORIX JREIT Inc. (stock code: 8954) in Japan in 2002, which currently manages more than 100 properties in various categories, including office buildings, logistics, commercial real estate and others.

Through the entering into of the Investment Advisory Agreement this time, ORIX Group will leverage its excellent reputation, rich resources and successful experience in the infrastructure sector to empower the Group's business expansion in publicly-offered REITs issuance, strategic placement and Pre-REITs fund investment in the environmental protection and photovoltaic new energy sectors, providing useful guidance and reference for the development of the Company, helping the Group achieve its strategic goal of "REITs strategic placement investment + domestic and overseas REITs investment + infrastructure Pre-REITs investment + REITs platform management", and realizing a closed-loop asset management cycle, continuously releasing the Group's operational benefits and bringing substantial returns to investors.

INFORMATION OF THE GROUP AND THE PARTIES

The Group is principally engaged in infrastructure asset management.

The Investment Manager is a company incorporated under the laws of Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The Investment Manager is a licensed corporation under the SFO to carry on Type 9 (asset management) regulated activity.

The Portfolio Advisor is a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of ORIX as at the date of this announcement. The Portfolio Advisor is a licensed corporation under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

ORIX is a company established under the laws of Japan. It is a diversified financial services company whose shares are listed on both Tokyo Stock Exchange (stock code: 8591) and New York Stock Exchange (trading symbol: IX). As at the date of this announcement, ORIX is indirectly interested in approximately 14.34% of the total issued Shares and therefore a substantial Shareholder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ORIX is indirectly interested in approximately 14.34% of the total issued Shares and therefore a substantial Shareholder. The Portfolio Advisor is an indirect wholly-owned subsidiary of ORIX and therefore a connected person of the Company. Accordingly, the provision of the Services under the Investment Advisory Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the proposed annual caps of the Advisory Fee is more than 0.1% but are all less than 5%, the provision of the Services under the Investment Advisory Agreement is subject to reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Li Hao (the “**Excluded Director**”), by virtue of holding executive positions in ORIX Group, has abstained from voting on the Board resolutions proposed to approve the Investment Advisory Agreement and the transactions contemplated thereunder (including the provision of the Services and the proposed annual caps). Save as disclosed, none of the Directors has any material interest in the Investment Advisory Agreement and the transactions contemplated thereunder (including the provision of the Services and the proposed annual caps).

The Directors (including the independent non-executive Directors but excluding the Excluded Director) consider that the terms of the Investment Advisory Agreement (including the provision of the Services and the proposed annual caps) are fair and reasonable and that the entering into of the Investment Advisory Agreement is on normal commercial terms, 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

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Advisory Fee”	The advisory fee that the Investment Manager shall pay the Portfolio Advisor for the provision of the Services;
“Board”	the board of Directors;
“Business Day”	any day, other than (a) a Saturday or Sunday, or (b) any public holiday on which commercial banks in the Cayman Islands, Japan, Hong Kong or the PRC are required or authorised by applicable laws to remain closed or such other day as the Investment Manager may from time to time determine;
“Company”	Shoucheng Holdings Limited, 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: 697);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Fiscal Year”	in respect of the Fund, in case of the first Fiscal Year, the period commencing on the first closing date of the Fund and ending on 31 December of that year, and in the case of subsequent Fiscal Years, the period beginning on 1 January of each year and ending on 31 December of that year;
“Fund”	an investment fund to be formed, managed and confirmed by the Investment Manager with the principal investment objective as set out in the Investment Advisory Agreement;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Advisory Agreement”	the investment advisory agreement dated 29 June 2022 entered into between the Investment Manager and the Portfolio Advisor in respect of the provision of the Services;
“Investment Manager”	Shouhe, who acted as the investment manager under the Investment Advisory Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“OAAM”	ORIX Asia Asset Management Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of ORIX as at the date of this announcement;
“ORIX”	ORIX Corporation, a company established under the laws of Japan and a substantial Shareholder;
“ORIX Group”	ORIX and its subsidiaries;
“Portfolio Advisor”	OAAM, who acted as the portfolio advisor under the Investment Advisory Agreement;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“REITs”	real estate investment trusts;
“Shouhe”	Shouhe Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	the ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“substantial Shareholder” has the meaning ascribed to it under the Listing Rules;

“US\$” United States dollars, the lawful currency for the time being of the United States; and

“%” per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 29 June 2022

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; Mr. Li Hao (Vice Chairman), Mr. Liu Jingwei and Mr. Ho Gilbert Chi Hang as non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Ms. Zhuge Wenjing as independent non-executive Directors.