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THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

This announcement is made on a voluntary basis by Shoucheng Holdings Limited (the “**Company**”) for the purpose of further increasing the level of corporate governance and enhancing its transparency.

HIGHLIGHTS OF RESULTS

For the nine months ended 30 September 2022:

- ◆ The Group recorded revenue of approximately HK\$1,271 million, representing an increase of 33.7 % from the same period of last year.
- ◆ The Group recorded gross profit of approximately HK\$856 million, representing an increase of 66.6 % from the same period of last year.
- ◆ The Group recorded operating profit of approximately HK\$1,087 million, representing an increase of 88.4% from the same period of last year.
- ◆ The basic and diluted earnings per share for the period was HK11.28 cents, while the basic and diluted loss per share for the same period of last year was HK14.98 cents.

SUMMARISED INFORMATION

The board of directors (the “**Board**”) of the Company is pleased to announce the summarised information in relation to the unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2022.

KEY FINANCIAL INFORMATION

As extracted from the unaudited condensed consolidated statement of comprehensive income	Nine months ended 30 September		Variance
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	
The Group's infrastructure asset management business revenue as attributed by the Group's	1,271,359	950,829	33.7%
(i) Parking business	660,270	430,629	53.3%
(ii) Infrastructure and real estate business	603,426	501,820	20.2%
(iii) Others	7,663	18,380	(58.3%)
Gross profit	855,613	513,514	66.6%
Operating profit	1,087,057	577,000	88.4%
Profit/(loss) attributable to owners of the Company	802,291	(1,088,493)	Not applicable
As extracted from the unaudited condensed consolidated statement of financial position	30 September 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)	Variance
Total assets	13,410,110	13,382,242	0.2%
Net assets	9,575,533	10,228,407	(6.4%)
Bank balances and cash	3,667,904	2,573,461	42.5%
Wealth management products and fixed income financial assets	818,609	1,095,654	(25.3%)
Asset – Liability ratio	28.6%	23.6%	+5.0%
Debt equity ratio#	10.8%	7.4%	+3.4%

Debt equity ratio refers to the total borrowings of the Group for the relevant period as divided by equity attributable to the owners of the Company for the relevant period.

The unaudited financial results of the Group for the nine months ended 30 September 2022 have been prepared in accordance with the same accounting policies which had been adopted in the audited financial statements of the Group for the year ended 31 December 2021.

BUSINESS OVERVIEW

The Group focuses on 3 types of infrastructure assets, including parking lots, industrial parks and environmental friendliness. The business model combining operation and finance has become clearer. Driven by the three capabilities of asset merger, acquisition and development, asset operation and fund management, the scale of asset management has been steadily enhanced, and there is major breakthrough in respect of asset securitisation. The Group has continuously invested and participated in publicly-offered infrastructure real estate securities investment trusts (“**REITs**”) and the Group’s business performance has continued to grow.

The Group recorded revenue of approximately HK\$1,271 million for the nine months ended 30 September 2022, representing an increase of 33.7% for the same period last year. The increase of revenue was attributed to the growth of asset management fee income brought by the continuous expansion of the Group’s asset management scale; at the same time, some of the funds which are currently under management have achieved investment returns and contributed excess returns to the Group through income distribution or liquidation; in addition, the vigorous development of REITs in Mainland China has further increased the Group’s investment return.

The profit attributable to the owners of the Company amounted to approximately HK\$802 million for the nine months ended 30 September 2022. A loss attributable to the owners of the Company of approximately HK\$1,088 million for the same period last year, this was mainly due to the provision for the impairment loss after the Group took into account the market price and the cost to dispose, at the time, of its indirect interest in Shougang Fushan Resources Group Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited with stock code 639).

The Steady Enhancement of Asset Scale

As a professional infrastructure asset manager, the Group's strong financing ability, efficient operation capability and precise investment continue to drive its asset size and profitability.

During the third quarter of 2022, the Group signed a number of key agreements in its core area:

- For transportation hubs, the Group won the bid of Xi'an Xianyang International Airport Phase III Expansion Project - East Terminal Front Parking Lot Project*(西安咸陽國際機場三期擴建工程東航站樓前停車場項目), which further consolidated the Group's leading position in the airport parking sector;
- For city-level parking projects, the Group continues to explore the Tianjin market, and successfully signed the agreement for Tianjin Zhongbei Town Caozhuang Flower District Parking Lot Project *(天津中北鎮曹莊花卉片區停車場項目); In Chengyu Region, the Group successfully won bids or signed agreements for Chengdu Jinniu District Yipin Tianxia Parking Lot Project*(成都市金牛區一品天下停車場項目), Chengdu Wuhou District C8 • Digital Economy Industrial Park Parking Lot Project*(成都市武侯區 C8 • 數字經濟產業園停車場項目) and Chongqing Xinke International Building Parking Lot Project*(重慶新科國際大廈停車場項目);
- For the commercial facility sector, the Group has achieved new breakthrough in cooperation with a leading real estate company and successfully acquired high-quality projects such as Chongqing Longfor Paradise Walk Phase III Parking Lot Project*(重慶龍湖時代天街三期停車場項目) and Chongqing Longfor Yuanzhu Phase III Parking Lot Project*(重慶龍湖源著三期停車場項目);
- For the cooperation with industrial parks, the Group collaborated with state-owned enterprises in the Beijing Economic and Technological Development Zone, and successfully signed agreements for Beijing Smart Media Innovation Center Parking Lots Project*(北京智慧融媒創新中心項目停車場項目) and the Beijing Smart E-sports Competition Center Parking Lots Project*(北京智慧電競賽事中心項目停車場項目).

* For identification purpose only

The Group is optimistic about the development trend of the REITs market in Mainland China. Together with leading overseas industrial investment institutions, the Group set up the first strategic placement fund for Mainland China REITs in the Hong Kong market, with the scale reaching approximately US\$200 million. As the Group's first fund outside Mainland China, the Group further broadened ways of financing and enlarged asset management scale.

Upholding the concept of promoting industrial upgrading through fund investment and promoting technological innovation through capital investment, the Group launched the first science fiction industry investment fund in Beijing, with the scale of approximately RMB300 million. The fund aims to promote technological upgrading and scenario innovation of the Group's parking, industrial parks, environmental protection and other types of high-quality assets, enhance the smart construction of asset management, and create business ecological synergy.

Substantial Progress of Asset Securitisation

The Group issued its first parking ABS product with four self-owned parking projects with property rights as the underlying assets, with an issue size of approximately RMB230 million, which has been approved by the Shenzhen Stock Exchange and is scheduled to be officially issued in the fourth quarter this year. The issuance of parking ABS product is an important step for the Group to complete its business loop, which provides new paths for financialization of parking assets, activates the realisation of asset value, drives incremental growth by existing assets, and achieves rolling development.

Continuous participation in publicly-offered infrastructure REITs

The Group continuously strengthens the whole chain layout of REITs in Mainland China. In the third quarter, the Group completed the strategic placement investment in Beijing Affordable Housing REIT*(北京保障房 REIT), Dongjiu New Economy REIT*(東久新經濟 REIT) and Lingang REIT*(臨港 REIT), and has achieved full coverage of all investment asset categories such as REITs industrial parks, warehouses and logistics, and affordable housing, contributing to a stable and sustainable return to the Group.

The Group aims to become the pioneer of REITs as well as an efficiency enhancer in infrastructure asset management in Mainland China. The Group is going to continuously provide customers with leading infrastructure real estate management services based on a mature model which combines operation and financing, and intelligent operating experience.

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CAUTION STATEMENT

Although the Company is now issuing quarterly information, potential investors should be aware that due to fluctuations in market conditions, exchange rates of Renminbi against other currencies and changes in the operating environment from time to time, certain income and expenses may vary substantially from quarter to quarter. Hence, comparisons between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied upon as indicators of the Group's performance. Also, quarterly results should not be used to estimate or extrapolate to project the Group's full-year performance.

In addition, the Board wishes to remind the shareholders of the Company and potential investors that the above selected financial data is extracted from the Company's internal records and management accounts and has not been reviewed or audited by its independent auditor. The Company's shareholders and potential investors are cautioned not to unduly rely on such data. In the meantime, the Company's shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers, shareholders and potential investors for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the period under review.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 28 October 2022

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