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PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Sole Placing Agent and Overall Coordinator



THE PLACING AGREEMENT

On 13 January 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement. The Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent for the Company, to use its best efforts, to procure one Placee to subscribe for the Placing Shares at the Placing Price on the terms and subject to the conditions of the Placing Agreement.

The total number of the Placing Shares, being 252,802,246 Shares, represents: (1) approximately 3.47% of the total number of Shares in issue as at the date of this announcement; and (2) approximately 3.36% of the enlarged total number of Shares in issue upon the Placing Completion (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Placing Completion other than the issue by the Company of the Placing Shares).

As at the date of this announcement, the Company was informed that the Placing Agent has procured one Placee, Sunshine Life Insurance Corporation Limited, to subscribe for the Placing Shares at the Placing Price. Such Placee is an Independent Third Party and will not become a substantial shareholder of the Company immediately following the Placing Completion.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The issue of the Placing Shares is not subject to the approval by the Shareholders. The Placing Shares will be allotted and issued under the General Mandate, subject to the limit of up to 1,456,509,438 new Shares (representing 20% of the number of issued Shares of the Company on the date when the General Mandate was granted). As at the date of this announcement, no Shares have been issued under the General Mandate and the total number of new Shares that can be allotted and issued under the General Mandate is therefore 1,456,509,438 Shares. The General Mandate is sufficient for the allotment and issue of the Placing Shares.

APPLICATION FOR LISTING OF THE PLACING SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares on the Stock Exchange.

Placing Completion is subject to fulfilment of the conditions thereunder. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 13 January 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement. The principal terms of the Placing Agreement are summarised below:

Date

13 January 2023 (after trading hours)

Parties

- (1) the Company; and
- (2) the Placing Agent

Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Details of the Placing are set out below.

THE PLACING

Placing Shares

The Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent for the Company, to use its best efforts, to procure one Placee to subscribe for the Placing Shares at the Placing Price on the terms and subject to the conditions of the Placing Agreement.

The total number of the Placing Shares, being 252,802,246 Shares, represents:

- (1) approximately 3.47% of the total number of Shares in issue as at the date of this announcement; and

- (2) approximately 3.36% of the enlarged total number of Shares in issue upon the Placing Completion (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Placing Completion other than the issue by the Company of the Placing Shares).

Placee

The Placing Agent will place the Placing Shares to one Placee, which is an independent professional and/or institutional investor. Immediately after the Placing Completion, it is expected that the Placee will not become a substantial shareholder of the Company.

As at the date of this announcement, the Company was informed that the Placing Agent has procured one Placee, Sunshine Life Insurance Corporation Limited, to subscribe for the Placing Shares at the Placing Price.

Sunshine Life Insurance Corporation Limited is a subsidiary of Sunshine Insurance Group Company Limited, which is a joint stock company incorporated in the PRC with limited liability and the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 6963). Sunshine Insurance Group Company Limited is an insurance group in the PRC that provides comprehensive solutions focusing on professional risk protection and diverse service offerings to its customers.

Sunshine Insurance Group Company Limited owns 198,922,000 Shares, representing 2.73% of the total number of Shares in issue as at the date of this announcement. It is an Independent Third Party and will not become a substantial shareholder of the Company immediately following the Placing Completion.

The Placing Agent will determine matters in relation to the Placing subject to the Placing Agreement, provided that the Placing Agent will:

- (1) comply with the requirements of the Listing Rules and the Placing Agreement; and
- (2) use reasonable efforts to procure that the Placee is an institutional or other professional investor who is (and whose ultimate beneficial owner(s) is/are) independent of and not connected with the Company, the Directors, substantial shareholders, supervisors and chief executive of each member within the Group and their respective associates.

Placing Price

The Placing Price of HK\$1.80 per Placing Share represents:

- (1) a discount of approximately 4.26% to the closing price of HK\$1.88 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (2) a discount of approximately 4.96% to the average closing price of HK\$1.89 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange and the general market conditions. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights and Ranking of the Placing Shares

The Placing Shares, when issued pursuant to the Placing Agreement, after being fully paid by the Placee, will rank *pari passu* in all aspects with the other Shares then in issue free from all claims, charges, liens, encumbrances, options, third party rights and equities, and together with all rights attaching to them as at the

date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on a record date which falls on or after the date of issue of the Placing Shares and duly listed on the Stock Exchange.

Placing Period

Subject to the terms and conditions of the Placing Agreement, the Placing Agent will offer the Placing Shares at the Placing Price (together with the applicable fees in relation thereto) during the Placing Period.

Conditions of the Placing

The obligation on the Placing Agent to proceed with the Placing Completion is conditional on the following conditions:

- (1) the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the deposit of the share certificate(s) representing the Placing Shares); and
- (2) the Placing Agent not having terminated the Placing Agreement.

If any of the conditions set out above are not fulfilled, or not waived by the Placing Agent (for condition (2) only) by the Placing Completion Date, the Placing Agreement and the respective obligations of the Placing Agent and the Company thereunder will cease and terminate.

Completion of the Placing

The Placing Completion shall take place on the Placing Completion Date.

Lock-Up Undertakings

Pursuant to the Placing Agreement, the Company has undertaken to the Placing Agent that for a period commencing on the date of the Placing Agreement until the expiry of 30 days after the Placing Completion Date, except for the Placing Shares and save (i) pursuant to the exercise of conversion, exchange or subscription rights under the warrants, options, rights or securities of the Company which are in issue or outstanding as at the date of the Placing Agreement; (ii) pursuant to any agreements or arrangements which are in existing as at the date of the Placing Agreement and which have been disclosed by way of a formal announcement uploaded on the official website of the Stock Exchange; (iii) for any securities or rights issued or granted to shareholders of the Company by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; and (iv) for any option or share issued or granted or to be issued or granted to eligible participants in accordance with any share option scheme or share award scheme of the Group, the Company will not and will procure that no member of the Group will (without the prior written approval of the Placing Agent) (i) issue any Shares or issue or grant any options, warrants, rights or securities convertible into or exchangeable for Shares or carrying rights to subscribe for Shares or interest in Shares, or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in (i) above or announce any intention to enter into or effect any transaction described in (i) or (ii) above, in each case at a price per Share which is less than the Placing Price.

General Mandate to Issue the Placing Shares

The issue of the Placing Shares is not subject to the approval by the Shareholders. The Placing Shares will be allotted and issued under the General Mandate, subject to the limit of up to 1,456,509,438 new Shares (representing 20% of the number of issued Shares of the Company on the date when the General Mandate was granted). As at the date of this announcement, no Shares have been issued under the General Mandate and the

total number of new Shares that can be allotted and issued under the General Mandate is therefore 1,456,509,438 Shares. The General Mandate is sufficient for the allotment and issue of the Placing Shares.

Application for Listing of the Placing Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares on the Stock Exchange.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 7,275,935,194 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Placing Completion, assuming that the total number of the Placing Shares, being 252,802,246 Shares, are placed under the Placing Agreement by the Placing Agent to Sunshine Life Insurance Corporation Limited and that no other change in the number of issued Shares of the Company other than the issue of Placing Shares:

Name of Shareholder	As at the date of this announcement		Immediately after the Placing Completion	
	Number of Shares	Approximate % shareholding	Number of Shares	Approximate % shareholding
Substantial shareholders:				
Shougang Group Co., Ltd. and its subsidiaries	1,817,411,917	24.98	1,817,411,917	24.14
ORIX Corporation and its subsidiaries	1,044,081,679	14.35	1,044,081,679	13.87
NWS Holdings Limited and its subsidiaries	835,485,105	11.48	835,485,105	11.10
Beijing State-owned Capital Operation and Management Company Limited and its subsidiaries	728,035,520	10.01	728,035,520	9.67
Directors:				
Zhao Tianyang ^(Note 1)	2,800,000	0.04	2,800,000	0.04
Xu Liang ^(Note 2)	700,000	0.01	700,000	0.01
Li Wei ^(Note 3)	1,020,000	0.01	1,020,000	0.01
Zhang Meng ^(Note 4)	548,000	0.01	548,000	0.01
Liu Jingwei	3,765,200	0.05	3,765,200	0.05
Wang Xin ^(Note 5)	240,000	0.00	240,000	0.00
Placee	198,922,000 ^(Note 6)	2.73	451,724,246 ^(Note 7)	6.00

Other Shareholders	2,642,925,773	36.32	2,642,925,773	35.10
Total	7,275,935,194	100.00	7,528,737,440	100.00

Notes:

1. Zhao Tianyang is beneficially interested in 2,800,000 Shares and 7,000,000 share options pursuant to the Share Incentive Plan.
2. Xu Liang is beneficially interested in 700,000 Shares and 5,000,000 share options pursuant to the Share Incentive Plan.
3. Li Wei is beneficially interested in 1,020,000 Shares and 9,000,000 share options pursuant to the Share Incentive Plan.
4. Zhang Meng is beneficially interested in 548,000 Shares and 7,000,000 share options pursuant to the Share Incentive Plan.
5. Wang Xin is beneficially interested in 40,000 Shares, and is deemed interested in 200,000 Shares which is held by his spouse.
6. Such 198,922,000 Shares are held by the Placee's holding company, Sunshine Insurance Group Company Limited.
7. 252,802,246 Shares will be held by the Placee, and 198,922,000 Shares will be held by the Placee's holding company, Sunshine Insurance Group Company Limited.

INFORMATION ON THE GROUP

The Group is principally engaged in infrastructure asset management.

REASONS FOR AND BENEFITS OF THE PLACING

Since the strategic transformation in 2016, the Company has successfully reinvented itself by actively embracing the transformation opportunities in the infrastructure asset management field and is now a leading provider of infrastructure asset management services in PRC. Under the business model of asset financing and operation as the Company's core business model, in combination with the favorable policies of REITs enacted in 2021 in PRC, the Company has efficient obtainment of "potential assets" with the continuous long cycle through financing means represented by REITs, and insists on using a professional, intelligent, and standardized operation management system to continuously empower its project assets. In consideration of its future business development plan, the Company expects that there is a need for sufficient funds to invest in the Company's operations.

The Placing will help replenish the cash flows, enhance the financial strength and expand the shareholder base of the Company, which in turn will help promote the business development of the Company. On the one hand, the Placing enriches the cash flow of the Company, improves the Group's liquidity risk resistance, therefore enhancing the Group's asset management and operational flexibility, and on the other hand, it enriches the business reserve funds to lay a foundation for business development. With the good financial situation and sufficient capital liquidity, under the favorable situation of the further easing of China's COVID-19 prevention and control policy and the gradual "normalization" of the global economy in 2023, it is more beneficial for the Company to grasp the potential high-quality project opportunities and develop its main business rapidly in 2023, which brings good investment return to the Company's shareholders.

The Directors consider that the terms and conditions of the Placing Agreement (including the commission rate) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross and net proceeds of the Placing (after deducting the costs and expenses incurred in the Placing and other expenses incurred by the Company) are estimated to be approximately HK\$455 million and HK\$448 million, respectively. The net Placing Price shall be approximately HK\$1.77 per Placing Share.

The Company intends to use the net proceeds from the Placing for the following purposes:

Intended use of net proceeds	Amount of the unutilised net proceeds (approximately)	Expected timeline for the use of the unutilised net proceeds
	HK\$ Million	
(1) The Company's principal activities' potential capital injection, development, construction and acquisition of assets and leasing expenditure	269	By the end of 2025
(2) General working capital	179	By the end of 2025
Total	<hr/> <hr/> <hr/> 448	

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Placing Completion is subject to fulfilment of the conditions thereunder. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 24 May 2022 to allot and issue up to 1,456,509,438 Shares, being 20% of the total number of Shares in issue as at the date of the annual general meeting;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huatai”	Huatai Financial Holdings (Hong Kong) Limited, a registered institution under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities under the SFO;
"Independent Third Party"	third party independent of and not connected with the Company and its connected persons (as defined under the Listing Rules);
“Last Trading Date”	13 January 2023, being the last trading day prior to the signing of the Placing Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee”	any professional and/or institutional investor whom the Placing Agent has procured to purchase any of the Placing Shares pursuant to its obligations under the Placing Agreement. As at the date of this announcement, the Placee is Sunshine Life Insurance Corporation Limited;
“Placing”	the placing to the Placee procured by the Placing Agent of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement;
“Placing Agent”	Huatai, acting as a placing agent, a capital market intermediary (as defined under Rule 1.01 of the Listing Rules) and an overall coordinator (as defined under Rule 1.01 of the Listing Rules) for the Placing under the Placing Agreement and an Independent Third Party;
“Placing Agreement”	the placing agreement dated 13 January 2023 entered into between the Company and the Placing Agent in respect of the Placing;
“Placing Completion”	the completion of the Placing;
“Placing Completion Date”	31 January 2023 or such other time and/or date as the Placing Agent and the Company may agree on which Placing Completion will take place;
“Placing Period”	the period from the execution of the Placing Agreement up to the Placing Completion Date, unless terminated earlier pursuant to the terms of the Placing Agreement;
“Placing Price”	HK\$1.80 per Placing Share, as determined in accordance with the terms of the Placing Agreement;
“Placing Share(s)”	252,802,246 new Shares to be issued by the Company pursuant to the Placing Agreement;

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for the time being in force;
"Share Incentive Plan"	the share incentive plan adopted by the Company on 3 November 2021, pursuant to which each share option granted thereunder entitles the holder to purchase 1 Share;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers for the time being in force; and
“%”	per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 13 January 2023

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.