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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 FURTHER AMENDMENTS TO
THE PARKING LOTS COOPERATION AGREEMENT**

SECOND SUPPLEMENTAL AGREEMENT

On 30 June 2023, E Park Operation, an indirect wholly-owned subsidiary of the Company, entered into the Second Supplemental Agreement with Shoushi Changtai, pursuant to which, the parties agreed to further revise certain terms of the Previous Agreement.

LISTING RULES IMPLICATION

As at the date of this announcement, Shougang Group is interested in approximately 24.52% of the issued Shares and hence, a substantial Shareholder and a connected person of the Company. Shougang Fund, a wholly-owned subsidiary of Shougang Group, is interested in approximately 12.39% of the issued Shares, and hence a substantial Shareholder and a connected person of the Company. Shougang Fund holds approximately 48.86% equity interest in Shoushi Changtai, and hence Shoushi Changtai is an associate of Shougang Fund and a connected person of the Company.

Accordingly, the entering into of the Second Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise material terms for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but are all less than 5%, the entering into of the Second Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company and are subject to reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 28 October 2020 and the annual report of the Company for the year ended 31 December 2022 published on 21 April 2023. On 28 October 2020, E Park, an indirect wholly-owned subsidiary of the Company, entered into the Parking Lots Cooperation Agreement with Shoushi Changtai in relation to the continuing connected transactions involving entrusting the management and leasing of the parking lots under the Project by Shoushi Changtai to E Park. On 3 January 2023, E Park, E Park Operation and Shoushi Changtai entered into the First Supplemental Agreement to, inter alia, amend the commencement date of the Entrusted Management Period from the initially fixed date of 11 March 2022 to 1 October 2022, and in addition, E Park assigned all its rights and obligations under the Parking Lots Cooperation Agreement to E Park Operation (a wholly-owned subsidiary of E Park).

SECOND SUPPLEMENTAL AGREEMENT

On 30 June 2023, E Park Operation, an indirect wholly-owned subsidiary of the Company, entered into the Second Supplemental Agreement with Shoushi Changtai, pursuant to which, the parties agreed to further revise certain terms of the Previous Agreement.

The principal terms of the Second Supplemental Agreement are set out below:

Date: 30 June 2023

Parties: (i) E Park Operation; and
(ii) Shoushi Changtai

The Amendments

	Terms and conditions of the Previous Agreement	Amendments
Term:	Subject to termination in accordance with the terms of the Previous Agreement, the initial term of the Previous Agreement shall be ten (10) years and shall be extended automatically for another ten (10) years as follows in accordance with the Previous Agreement: (i) Entrusted Management Period: five (5) years from 1 October 2022 to 30 September 2027; and (ii) Lease Period: five (5) years from the day after the date of expiry of	Subject to termination in accordance with the terms of the Amended Agreement, the initial term of the Amended Agreement shall be five (5) years and shall be extended automatically for another five (5) years and further extended for another ten (10) years as follows in accordance with the Amended Agreement: (i) Entrusted Management Period: nine (9) months from 1 October 2022 to 30 June 2023; and

	<p>the Entrusted Management Period (being 1 October 2027), and shall be extended automatically for ten (10) years provided that E Park Operation has not breached any specific terms as stipulated in the Previous Agreement.</p>	<p>(ii) Lease Period: the initial lease period from 1 July 2023 to 30 September 2027 (the “Initial Lease Period”), and shall be extended automatically for five (5) years (the “Extended Lease Period”). Upon expiry of the Extended Lease Period, the Lease Period will be further extended for ten (10) years thereafter (the “Further Extended Lease Period”) provided that E Park Operation has not breached any specific terms as stipulated in the Amended Agreement.</p>
<p>Fees:</p>	<p>(i) Management Fee:</p> <p>During the Entrusted Management Period, Shoushi Changtai shall pay to E Park Operation (a) an adjusted entrusted management service fee of approximately RMB4,975,000 taking into account the increase in labour cost; and (b) for the second to fifth years, a fixed annual service fee of RMB480,000 together with all operating costs incurred by E Park Operation during the relevant period; and</p> <p>(ii) Variable Lease Payment:</p> <p>During the Lease Period, E Park Operation shall pay to Shoushi Changtai an annual fee representing 65% of the profit (before tax) generated from the operation of the parking lots under the Project.</p>	<p>(i) Management Fee:</p> <p>The Management Fee during the Entrusted Management Period shall be settled as previously and mutually agreed in accordance with the Previous Agreement; and</p> <p>(ii) Variable Lease Payment:</p> <p>(a) During the Initial Lease Period, E Park Operation shall pay to Shoushi Changtai an annual fee representing 70% of the profit (before tax) generated from the operation of the parking lots under the Project.</p> <p>(b) During the Extended Lease Period and the Further Extended Lease Period, E Park Operation shall pay to Shoushi Changtai an annual fee representing 65% of the profit (before tax) generated from the operation of the parking lots under the Project.</p>

The Management Fee and Variable Lease Payment under the Second Supplemental Agreement were arrived at after arm’s length negotiation between the parties and were determined with reference to (i) terms in relation to the provision of service of similar nature in the market by or

to independent third parties; (ii) the future development of the Project; (iii) the operation experience and mode of parking project of industry/office park; and (iv) operating costs payable including the labour cost. The sharing ratios between E Park Operation and Shoushi Changtai of the Variable Lease Payment during the Initial Lease Period were arrived at after arm's length negotiation between the parties and were determined with reference to the expected continual growth of the income generated from the operation of the parking lots under the Project, the respective initial investments made by E Park and Shoushi Changtai, and the difference between the aggregate Management Fee receivable by E Park Operation under the Previous Agreement and the Variable Lease Payment payable by E Park Operation during the Initial Lease Period under the Second Supplemental Agreement.

ANNUAL CAPS AND BASIS OF DETERMINATION

There is no revision of the Annual Caps for both the annual Management Fee and annual Variable Lease Payment, which shall be RMB6,000,000 per year. However, the period end date for each of the Annual Cap under the Entrusted Management Period and the Lease Period will be changed as result of the Amendments.

The Annual Caps and the respective period/year end date thereof are set out below:

	During the Entrusted Management Period	During the Lease Period		
	For the nine months from 1 October 2022 to 30 June 2023 (RMB)	For the three months from 1 July 2023 to 30 September 2023 (RMB)	For each year from 1 October 2023 to 30 September 2027 (RMB)	For each year from 1 October 2027 to 30 September 2042 (RMB)
Management Fee payable to E Park Operation	4,500,000	-	-	-
Variable Lease Payment payable by E Park Operation	-	1,500,000	6,000,000	6,000,000

The Annual Caps for the annual Management Fee are determined after taking into account the following principal factors: (i) the estimated cost and expenditure for the improvement of facilities of the Project and maintenance thereafter; (ii) the estimated cost and expenditure for optimizing, upgrading and iterating of intelligent parking management system; (iii) the estimated cost for daily operation and service; (iv) the growth of the consumer price index; (v) the parking industry and market development; and (vi) a reasonable buffer to cater for disbursement that may become payable under the terms of Amended Agreement and for any

upwards adjustments including inflation or otherwise and taking into account the possible fit-out or alteration works to be conducted to improve the quality of service and user experience.

The Annual Caps for the annual Variable Lease Payment are determined after taking into account the following principal factors: (i) the future commercial development of Chang'an Mills, including the increase of enterprises, shops, brands and other tenants; (ii) the growth of traffic volumes of the Project; (iii) the value brought by parking service to the Project; (iv) the synergistic effect of the Shougang Park and Chang'an Mills with the Project; and (v) the sharing ratios between E Park Operation and Shoushi Changtai of the Variable Lease Payment during the Lease Period.

In the event the annual Management Fee or the annual Variable Lease Payment is likely to exceed the Annual Caps, Shoushi Changtai shall cooperate with E Park Operation to comply with applicable Listing Rules and to obtain all necessary approvals and authorization, if required, in relation to the Amended Agreement and the transactions contemplated thereunder. In the event that the Company fails to obtain any such necessary approvals or authorization, E Park Operation shall terminate the Amended Agreement by serving a written notice to Shoushi Changtai in accordance with the terms of the Amended Agreement.

Save as disclosed in this announcement, all the terms and conditions of the Previous Agreement shall remain unchanged in all material respects and in full force and effect.

PREVIOUS OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement for a continuing connected transaction of a listed issuer must not exceed three years except in special circumstances. As the duration of the Parking Lots Cooperation Agreement (being 20 years) exceeds three years, in 2020, the Company appointed the Independent Financial Adviser to explain why the Parking Lots Cooperation Agreement required a duration that was longer than three years and to confirm that it was normal business practice for agreements of similar nature to be of such duration. As disclosed in the announcement of the Company dated 28 October 2020, the Independent Financial Adviser was of the opinion that (a) a term of longer than three years was required for the Parking Lots Cooperation Agreement; and (b) it was normal business practice for agreements of similar nature to be of such duration.

While the term of the transactions contemplated under the Amended Agreement remains the same as that under the Parking Lots Cooperation Agreement, the previous opinion from the Independent Financial Adviser on the term of the Parking Lots Cooperation Agreement remains applicable. Please refer to the announcement of the Company dated 28 October 2020 for details.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

In 2022, Shougang Park's Chang'an Mills project debuted in Beijing, the PRC. With the formation of the cluster effect of the offices in Shougang Park and the continuous enhancement of the business atmosphere, Chang'an Mills has become the popular check-in spot and new landmark of urban rejuvenation in Beijing, with a continuous introduction of various enterprises and well-known commercial brands.

In order to strengthen the synergy effect of the Group's asset management and create a benchmark image for the operation of the Shougang Park's infrastructure assets in western Beijing, since the cooperation with Shoushi Changtai in 2020, the Company has continuously invested in the planning and design, intelligent transformation, and attraction of traffic flow of the Chang'an Mills project. During the period of large-scale events and exhibitions in the Shougang Park, as well as the peak travel seasons during holidays, the Group has achieved a smooth operation of the parking lots and a steady growth of traffic volume. Specifically, the traffic volume from January to May 2023 has increased by 47% as compared with that in the previous five months. In terms of the holiday traffic, the average daily traffic volume during the Labour Day holiday period increased by 62% as compared with that during the previous New Year holiday period. The Company's asset operation and management capabilities have been well received by its cooperation partners and investors.

The change of the business model under the Second Supplemental Agreement, which shortened the Entrusted Management Period, reflects the recognition and trust of partners and investors in the asset operation capabilities of the Group. After the Amendments, the Group will operate the Project independently and share the revenue generated from the operation of the parking lots under the Project, which will further enhance the Group's ability to control the high-quality underlying assets. The Group will increase the revenue derived from the Project by means of traffic flow attraction and innovative businesses development, and reduce the operating costs incurred in the Project through energy-saving transformation and technology empowerment, so as to further improve the overall operating income of the Project.

As a professional infrastructure services provider, as at the date of this announcement, the Group has been managing parking resources in more than 20 industrial and office parking lots in core cities including Beijing, Tianjin, Chengdu, and Chongqing, reflecting the leading position of the Group in this segment. The Amended Agreement and the transactions contemplated hereunder will further enhance the operation scale of, and strengthen the development and progress of the infrastructure assets of the Group.

In addition to the Shougang Park's Chang'an Mills project, in the next one to two years, various projects including the international talent community project and the Shoucheng Times Center project* (首程時代中心項目) in the Shougang Park will be gradually completed and put into operation. By then, more high-quality parking resources will be released, and the grid layout and synergy effect of the Group's infrastructure assets will be further highlighted. The Group will also focus on releasing the financing value of the aforesaid high-quality assets and actively explore the possibility of issuing public offering REITs (infrastructure real estate investment trusts in China) in the future.

In light of the above, the Directors are of the view that it is in the interest of the Group to enter into the Second Supplemental Agreement.

INFORMATION OF THE GROUP AND THE PARTIES

The Group is principally engaged in infrastructure asset management.

E Park Operation, an indirect wholly-owned subsidiary of the Company, is a limited liability

company established in the PRC and is principally engaged in the management and operation of parking lots. E Park Operation is a wholly-owned subsidiary of E Park.

Shoushi Changtai is a limited liability company established in the PRC and is principally engaged in rental of non-residential real estate, business management consulting, market research, conference services, exhibition activities and property management etc. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shoushi Changtai is owned as to approximately (i) 48.86% by Shougang Group, a state-owned enterprise established under the laws of the PRC with limited liability and ultimately owned by 北京市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government*), which is principally engaged in the steel industry; (ii) 27.70% by 泰康人壽保險有限責任公司 (Taikang Life Insurance Co., Ltd.*), which is wholly-owned by 泰康保險集團股份有限公司 (Taikang Insurance Group Co., Ltd.*, "**Taikang Insurance Group**"), a company principally engaging in insurance and management of investment holding companies. Taikang Insurance Group is held by 20 corporate shareholders, including various limited partnerships, public and private companies; (iii) 11.08% by 北京煜盈資產管理有限公司 (Beijing Yuying Asset Management Co., Ltd.*), principally engaging in investment, and the ultimate beneficial owners of which are 趙玫 (Zhao Mei*) (as to 90% interest) and 田彥 (Tian Yan*) (as to 10% interest); (iv) 9.81% by the Company; (v) 1.55% by 北京獅澤投資諮詢有限公司 (Beijing Shize Investment and Consulting Limited*), the ultimate beneficial owner of which is Tishman Speyer Properties, LP, a limited partnership established in the USA, principally engaged in real estate investment; and (vi) 1% by 成都武侯資本投資管理集團有限公司 (Chengdu Wuhou Capital Investment Management Group Co., Ltd.*), a state-owned company in the PRC engaging in investment and ultimately owned by 成都市武侯區國有資產監督管理和金融工作局 (Chengdu Wuhou District State-owned Assets Supervision and Administration and Financial Work Bureau*).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shougang Group is interested in approximately 24.52% of the issued Shares and hence, a substantial Shareholder and a connected person of the Company. Shougang Fund, a wholly-owned subsidiary of Shougang Group, is interested in approximately 12.39% of the issued Shares, and hence a substantial Shareholder and a connected person of the Company. Shougang Fund holds approximately 48.86% equity interest in Shoushi Changtai, and hence Shoushi Changtai is an associate of Shougang Fund and a connected person of the Company.

Accordingly, the entering into of the Second Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise material terms for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but are all less than 5%, the entering into of the Second Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company and are

subject to reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement for a continuing connected transaction of a listed issuer must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. Please refer to the section headed “**PREVIOUS OPINION FROM THE INDEPENDENT FINANCIAL ADVISER**” of this announcement for details.

Mr. Zhao Tianyang and Mr. Xu Liang, by virtue of their connection with Shougang Group, have abstained from voting on the Board resolutions proposed to approve the Second Supplemental Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors has any material interest in the Second Supplemental Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the terms of the Second Supplemental Agreement are fair and reasonable and that the entering into of the Second Supplemental 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:

“Amended Agreement”	the Parking Lots Cooperation Agreement, as amended, modified and supplemented by the First Supplemental Agreement and the Second Supplemental Agreement;
“Amendments”	the amendments to the terms and conditions of the Previous Agreement as agreed between E Park Operation and Shoushi Changtai under the Second Supplemental Agreement, as further described in the paragraph headed “The Amendments” under the section headed “Second Supplemental Agreement” in this announcement;
“Annual Cap(s)”	the annual cap(s) of the Management Fee and the Variable Lease Payment;
“associate”	has the meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Chang’an Mills”	an urban renewal project in 新首鋼高端產業綜合服務區 (New Shougang High-end Industry Comprehensive Service Park*) (“ Shougang Park ”) in Beijing, the PRC;

“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;
“continuing connected transaction(s)”	has the meaning as ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“E Park”	驛停車（北京）投資管理有限公司 (E Park Investment Management Co., Ltd.*), formerly known as 首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“E Park Operation”	驛停車（北京）運營管理有限公司 (E Park Operation Management Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Entrusted Management Period”	the period during which Shoushi Changtai shall entrust the management of the parking lots under the Project to E Park Operation pursuant to the Parking Lots Cooperation Agreement, as amended, modified and supplemented by the First Supplemental Agreement and/or the Second Supplemental Agreement from time to time and as the case may be;
“First Supplemental Agreement”	the supplemental parking lots cooperation agreement dated 3 January 2023 entered into between E Park, E Park Operation and Shoushi Changtai in respect of the management and leasing of the parking lots under the Project;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), which was appointed as the independent financial adviser in respect of the term of the Parking Lots Cooperation Agreement for the purpose of Rule 14A.52 of the Listing Rules, whose opinion thereof was disclosed in the announcement of the Company dated 28 October 2020;

“Lease Period”	the period during which Shoushi Changtai shall lease the parking lots under the Project to E Park Operation for operation and management pursuant to the Parking Lots Cooperation Agreement, as amended, modified and supplemented by the First Supplemental Agreement and/or the Second Supplemental Agreement from time to time and as the case may be;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Fee”	the service fee payable by Shoushi Changtai to E Park Operation during the Entrusted Management Period;
“Parking Lots Cooperation Agreement”	the parking lots cooperation agreement dated 28 October 2020 entered into between E Park and Shoushi Changtai in respect of the management and leasing of the parking lots under the Project;
“percentage ratios”	the percentage ratios calculated according to Rule 14.07 of the Listing Rules;
“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;
“Previous Agreement”	the Parking Lots Cooperation Agreement, as amended, modified and supplemented by the First Supplemental Agreement;
“Project”	parking lots of the Chang’an Mills, comprising a total of approximately 1,285 parking spaces;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Supplemental Agreement”	the supplemental parking lots cooperation agreement dated 30 June 2023 entered into between E Park Operation and Shoushi Changtai in respect of the management and leasing of the parking lots under the Project;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	the ordinary share(s) of the Company;
“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 incorporated under the laws of the PRC with limited liability;
“Shoushi Changtai”	北京首獅昌泰運營管理有限公司 (Beijing Shoushi Changtai Operation Management Co., Ltd.*), formerly known as 北京首獅昌泰商貿有限公司 (Beijing Shoushi Changtai Trading Co., Ltd.*) a limited liability company established in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“substantial Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Variable Lease Payment”	the annual fee payable by E Park Operation to Shoushi Changtai during the Lease Period; and
“%”	per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 30 June 2023

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman) and Mr. Xu Liang as executive Directors; Mr. Li Hao (Vice Chairman), Mr. Liu Jingwei, Mr. Ho Gilbert Chi Hang and Mr. Peng Jihai 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.

** For identification purposes only*