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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)

CONNECTED TRANSACTION
PROPOSED DISPOSAL OF SHARES IN SHOUGANG RESOURCES
PURSUANT TO THE IRREVOCABLE UNDERTAKING

Reference is made to the Announcement, pursuant to which Shougang Resources will, subject to the fulfillment of the Conditions, make a conditional cash offer through its financial adviser, Octal Capital Limited to buy-back for cancellation up to 125,000,000 Shougang Resources Shares, representing approximately 2.47% of the total issued Shougang Resources Shares as at the date of this announcement, at the Offer Price of HK\$2.40 per Shougang Resources Share.

IRREVOCABLE UNDERTAKING AND THE PROPOSED DISPOSAL

The Company has decided to accept the Offer in respect of all of Shougang Resources Shares owned by it through Fine Power (holding 663,918,497 Shougang Resources Shares) and Fair Gain (holding 200,043,993 Shougang Resources Shares). Fine Power and Fair Gain entered into the Irrevocable Undertaking in favour of Shougang Resources under which each of Fine Power and Fair Gain has irrevocably undertaken to Shougang Resources that it will accept the Offer for Shougang Resources Shares held by it in full.

LISTING RULES IMPLICATIONS IN RESPECT OF THE PROPOSED DISPOSAL

As at the date hereof, Shougang Group is a substantial shareholder of the Company. Shougang Resources is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being an associate of Shougang Group. Therefore, the entering into of the Irrevocable Undertaking and the transactions contemplated (i.e. the Proposed Disposal) thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Assuming that the maximum number of Shougang Resources Shares to be disposed by the Company to Shougang Resources under the Offer is 125,000,000 Shougang Resources Shares, as one or more of the applicable percentage ratios exceed 0.1% but are less than 5%, the connected transaction is subject to announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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 Irrevocable Undertaking and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has

any material interest in the Irrevocable Undertaking and the transactions contemplated thereunder.

INTRODUCTION

Reference is made to the Announcement, pursuant to which Shougang Resources will, subject to the fulfillment of the Conditions, make a conditional cash offer through its financial adviser, Octal Capital Limited to buy-back for cancellation up to 125,000,000 Shougang Resources Shares, representing approximately 2.47% of the total issued Shougang Resources Shares as at the date of this announcement, at the Offer Price of HK\$2.40 per Shougang Resources Share.

As at the date of this announcement, the Company, through Fine Power and Fair Gain (each being a wholly-owned subsidiary of the Company), owns 863,962,490 Shougang Resources Shares, representing approximately 17.10% of the total issued Shougang Resources Shares.

In connection with the Offer, on 11 July 2023, Fine Power and Fair Gain entered into the Irrevocable Undertaking in favour of Shougang Resources, under which each of Fine Power and Fair Gain has irrecoverably undertaken to accept the Offer in respect of all of Shougang Resources Shares held by it in accordance with the terms thereof.

THE MAJOR TERMS OF THE OFFER

Based on the Announcement, the major terms of the Offer to be made by Octal Capital Limited on behalf of Shougang Resources are summarized as follows:

Number of shares to be bought-back for cancellation

- (i) not exceed 125,000,000 Shougang Resources Shares, representing approximately 2.47% of the total issued Shougang Resources Shares as at the date of this announcement; and
- (ii) there is no minimum number of Shougang Resources Shares proposed to be bought-back under the Offer.

Offer Price

HK\$2.40 per Shougang Resources Share, which was determined after taking into account, among other things, the historical prices of Shougang Resources Shares traded on the Stock Exchange, historical financial information of Shougang Resources, the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years.

Conditions

The Offer is conditional upon fulfillment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by Shougang Resources Independent Shareholders, voting in person or by proxy, by way of a poll having been obtained at Shougang Resources General Meeting in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by Shougang Resources Independent Shareholders, voting in person or by proxy, by way of a poll having been obtained at Shougang Resources General Meeting in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any conditions attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the Conditions above can be waived.

Settlement

The Offer Price will be paid in cash. Assuming the Offer has become unconditional, Shougang Resources Shares tendered under the Offer shall be paid for by Shougang Resources as soon as possible but in any event within seven (7) business days following the close of the Offer.

For more details of the Offer, please refer to the Announcement.

IRREVOCABLE UNDERTAKING AND THE PROPOSED DISPOSAL

The Company has decided to accept the Offer in respect of all of Shougang Resources Shares owned by it through Fine Power (holding 663,918,497 Shougang Resources Shares) and Fair Gain (holding 200,043,993 Shougang Resources Shares). Fine Power and Fair Gain entered into the Irrevocable Undertaking in favour of Shougang Resources under which each of Fine Power and Fair Gain has irrevocably undertaken to Shougang Resources that it will accept the Offer for Shougang Resources Shares held by it in full.

Principal terms of the Irrevocable Undertaking are set out below:

Date

11 July 2023

Undertakings by Fine Power and Fair Gain

Pursuant to the Irrevocable Undertaking, subject to the relevant termination events, each of Fine Power and Fair Gain irrevocably and unconditionally undertakes to Shougang Resources that: (a) it will accept the Offer in respect of Shougang Resources Shares held by it in full and execute all documents and take all necessary and appropriate actions to accept the Offer; (b) if any of its Shougang Resources Shares is held by a trustee or custodian, it will procure the trustee or custodian to perform in accordance with terms of the Irrevocable Undertaking; and (c) save for pursuant to the Offer, without the prior consent of Shougang Resources, it shall not prior to the earlier of the completion of the Offer or lapsing or being withdrawn, other than usual brokers' or bankers' liens or assurances provided to the Hong Kong Securities Clearing Company Limited (HKSCC), directly or indirectly sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit any of the above actions over all or any of Shougang Resources Shares held by it, or enter into any arrangement to do any of the acts above.

Termination

The Irrevocable Undertaking becomes effective from the date hereof, and shall terminate on the earlier of (i) the latest date for accepting the Offer; or (ii) the date on which the Offer lapses or is withdrawn in circumstances permitted under the Takeovers Code and the Code on Share Buy-backs of Hong Kong (including both dates).

The transactions contemplated under the Irrevocable Undertaking is the Proposed Disposal of Shougang Resources Shares held by the Company to Shougang Resources in accordance with the terms of the Offer.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL AND USE OF PROCEEDS

The maximum number of Shougang Resources Shares to be disposed by the Company to Shougang Resources under the Offer is 125,000,000 Shougang Resources Shares (being the maximum number of shares under the Offer) and the maximum consideration to be received by the Company from Shougang Resources is HK\$300 million. In this scenario, the number of Shougang Resources Shares owned by the Company will decrease from 863,962,490 Shougang Resources Shares to 738,962,490 Shougang Resources Shares upon completion of the Offer. For the avoidance of doubt, the actual number of Shougang Resources Shares disposed by the Company under the Offer is uncertain, depending on the level of acceptance by the qualifying shareholders of Shougang Resources.

After taking into account the accounting policy of the Company, the Company has elected to measure Shougang Resources Shares at fair value, and the fair value gains and losses are presented in other comprehensive income. The fair value gains and losses will not be reclassified to profit or loss after derecognition. The Company does not expect to record any gain/loss from the Proposed Disposal. Upon completion of the Proposed Disposal, the Company continues to measure Shougang Resources Shares as financial assets at fair value through other comprehensive income.

The Group intends to use the proceeds from the Proposed Disposal for general working capital, including administrative expenses, business development expenses and payment of dividends.

INFORMATION ABOUT SHOUGANG RESOURCES

Shougang Resources and its subsidiaries are principally engaged in coking coal mining, production and sales of coking coal products.

The following financial information is extracted from the public documents of Shougang Resources:

	Year ended 31 December 2022	Year ended 31 December 2021
	<i>HK\$ '000</i> (audited)	<i>HK\$ '000</i> (audited)
Revenue	8,214,719	7,075,818
Net profit before taxation	4,625,893	4,132,159
Net profit after taxation	3,308,155	3,060,831

The total assets and net assets of Shougang Resources as at 31 December 2022 were approximately HK\$23,463,484,000 and HK\$18,677,219,000, respectively.

LISTING RULES IMPLICATIONS IN RESPECT OF THE PROPOSED DISPOSAL

As at the date hereof, Shougang Group is a substantial shareholder of the Company. Shougang Resources is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being an associate of Shougang Group. Therefore, the entering into of the Irrevocable Undertaking and the transactions contemplated (i.e. the Proposed Disposal) thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Assuming that the maximum number of Shougang Resources Shares to be disposed by the Company to Shougang Resources under the Offer is 125,000,000 Shougang Resources Shares, as one or more of the applicable percentage ratios exceed 0.1% but are less than 5%, the connected transaction is subject to announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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 Irrevocable Undertaking and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Irrevocable Undertaking and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

Focusing on infrastructure asset management has been the main theme of the Company's development in recent years. The Company has become a leading provider of continuous infrastructure improvement and services by focusing on publicly offered REITs in Mainland China, insisting on the two major capabilities of asset operation and FIME (which refers to fundraising, investment, management and exit), and building a business model with the combination of industry and finance as the core. On this basis, the Company has steadfastly divested itself of non-main business assets. In January 2022, the Company completed the transfer of its 11.88% equity interest in Shougang Resources, further optimising its asset structure and taking another important step forward in its strategic transformation.

The acceptance of the Offer is a manifestation of the consistency and coherence of the Company's strategy, further demonstrating to the strategic shareholders and public shareholders the Company's strategic determination to focus on the development of its principal business. At the same time, the Offer Price is at a premium to the recent market price. The cash received from the Proposed Disposal will be beneficial to replenishing the Company's liquidity, helping the Company to effectively capture market opportunities and facilitate the long-term development of its infrastructure asset management business, thereby creating long-term value for shareholders of the Company.

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 Irrevocable Undertaking and the transactions contemplated thereunder are fair and reasonable and that the entering into of the Irrevocable Undertaking is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Company is incorporated in Hong Kong and the shares of which are listed on the main board of the Stock Exchange. The Group is principally engaged in infrastructure asset management.

Fair Gain is incorporated in British Virgin Islands and is a wholly-owned subsidiary of Shoujing Yifei Holdings Limited which is in turn wholly-owned by the Company. Fair Gain is principally engaged in investment holding.

Fine Power is incorporated in British Virgin Islands and is a wholly-owned subsidiary of Shoujing Yifei Holdings Limited which is in turn wholly-owned by the Company. Fine Power is principally engaged in investment holding.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Announcement”	the announcement published by Shougang Resources on 11 July 2023;
“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;

“Conditions”	the conditions to which the Offer is subject, as set out under the section headed “Conditions” of this announcement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates;
“Fair Gain”	Fair Gain Investments Limited, a company wholly-owned by Shoujing Yifei Holdings Limited which is in turn wholly-owned by the Company;
“Fine Power”	Fine Power Group Limited, a company wholly-owned by Shoujing Yifei Holdings Limited which is in turn wholly-owned by the Company;
“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;
“Irrevocable Undertaking”	the deed of irrevocable undertaking dated 11 July 2023 entered into among Fair Gain, Fine Power and Shougang Resources in favour of Shougang Resources in relation to the Offer;
“Last Trading Day”	6 July 2023, being the last trading day prior to the suspension of trading in Shougang Resources Shares pending the release of the Announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer”	the offer by Shougang Resources to buy-back Shougang Resources Shares from its shareholders for cancellation;
“Offer Price”	HK\$2.40 per Shougang Resources Share, being the buy-back price under the Offer;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposed Disposal”	the proposed disposal of Shougang Resources Shares by the Company in the form of accepting the Offer pursuant to the Irrevocable Undertaking;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Share(s)”	ordinary share(s) of the Company;
“Shougang Group”	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a state-owned enterprise established in the PRC and a substantial shareholder of the Company;

“Shougang Holding Shareholders”	being (i) Ultimate Capital Limited (a company indirectly wholly-owned by Shougang Holding (Hong Kong) Limited, holding 600,000,000 Shougang Resources Shares); (ii) King Rich Group Limited (a company wholly-owned by Shougang Holding (Hong Kong) Limited, holding 247,866,000 Shougang Resources Shares); and (iii) Shougang Holding (Hong Kong) Limited (a company wholly-owned by Shougang Group, holding 15,492,000 Shougang Resources Shares);
“Shougang Resources”	Shougang Fushan Resources Group Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 639);
“Shougang Resources General Meeting”	a general meeting of Shougang Resources to be convened in connection with the Offer and the Whitewash Waiver;
“Shougang Resources Independent Shareholders”	shareholders of Shougang Resources other than Fair Gain, Fine Power and Shougang Holding Shareholders or those who are involved in, or interested in the Offer and the Whitewash Waiver and those shareholders who have a material interest in the Offer and the Whitewash Waiver different from other shareholders;
“Shougang Resources Share(s)”	ordinary share(s) of Shougang Resources;
“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 Code on Takeovers and Mergers published by the SFC;
“Whitewash Waiver”	a waiver to be granted by the Executive in respect of the obligation of the Shougang Holding Shareholders to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code for all Shougang Resources Shares not held by the Shougang Holding Shareholders and their concert parties which may otherwise arise as a result of the completion of the Offer; and
“%”	per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 11 July 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 purpose only*