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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)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### FINANCIAL HIGHLIGHTS

- The Group recorded revenue of HK\$345 million, representing a decrease of 63% from the same period last year.
- The Group recorded profit attributable to owners of the Company of HK\$303 million as compared to profit attributable to owners of the Company of HK\$602 million in the same period last year.
- The basic earnings per share for the period was HK4.17 cents. The basic earnings per share for the period of last year was HK8.46 cents.
- The diluted earnings per share for the period was HK4.14 cents. The diluted earnings per share for the period of last year was HK8.46 cents.

The Board has declared an interim dividend in the total amount of HK\$243 million for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$300 million).

### INTERIM RESULTS

The board of directors (the “**Board**”) of Shoucheng Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023. These interim results have been reviewed by the Company’s Audit Committee and its Auditor.

## FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

|  |      | Six months ended 30 June |                       |
|--|------|--------------------------|-----------------------|
|  |      | 2023                     | 2022                  |
|  | Note | HK\$'000                 | HK\$'000              |
|  |      | (Unaudited)              | (Unaudited)           |
| <b>Revenue</b>                           | 3    | <b>345,175</b>           | 922,380               |
| Cost of sales                            |      | <u>(245,941)</u>         | <u>(269,258)</u>      |
| <b>Gross profit</b>                      |      | <b>99,234</b>            | 653,122               |
| Other income                             |      | <b>310,709</b>           | 307,760               |
| Other gains, net                         |      | <b>150,630</b>           | 31,242                |
| Administrative expenses                  |      | <u>(142,022)</u>         | <u>(198,599)</u>      |
| <b>Operating profit</b>                  |      | <b>418,551</b>           | 793,525               |
| Finance costs                            |      | <b>(54,945)</b>          | (55,517)              |
| Share of results of associates           |      | <b>(6,834)</b>           | (2,428)               |
| Share of results of joint ventures       |      | <u>(604)</u>             | <u>(13,817)</u>       |
| <b>Profit before income tax</b>          |      | <b>356,168</b>           | 721,763               |
| Income tax expense                       | 4    | <u>(10,617)</u>          | <u>(127,078)</u>      |
| <b>Profit for the period</b>             |      | <b><u>345,551</u></b>    | <b><u>594,685</u></b> |
| <b>Profit/(loss) is attributable to:</b> |      |                          |                       |
| Owners of the Company                    |      | <b>303,194</b>           | 601,932               |
| Non-controlling interests                |      | <u>42,357</u>            | <u>(7,247)</u>        |
|  |      | <b><u>345,551</u></b>    | <b><u>594,685</u></b> |

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

|   |             | <b>Six months ended 30 June</b> |                    |
|---|-------------|---------------------------------|--------------------|
|   |             | <b>2023</b>                     | <b>2022</b>        |
|   | <i>Note</i> | <b>HK\$'000</b>                 | <b>HK\$'000</b>    |
|   |             | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| <b>Other comprehensive (loss)/income</b>  |             |                                 |                    |
| <b>Items that have been/may be subsequently reclassified to profit or loss:</b>                             |             |                                 |                    |
| Exchange differences arising on translation of foreign operations   |             | <b>(209,347)</b>                | (177,098)          |
| Release of exchange reserve upon disposal of asset classified as held for sale                              |             | –                               | (42,618)           |
| Share of exchange differences of associates and joint ventures arising on translation of foreign operations |             | <b>(30,268)</b>                 | (42,167)           |
|   |             | <u><b>(30,268)</b></u>          | <u>(42,167)</u>    |
| <b>Item that will not be reclassified to profit or loss:</b>  |             |                                 |                    |
| Exchange differences arising on translation of foreign operations   |             | <b>(6,256)</b>                  | –                  |
| Fair value changes on financial assets at fair value through other comprehensive income (“FVOCI”)           |             | <b>(460,194)</b>                | 764,753            |
|   |             | <u><b>(460,194)</b></u>         | <u>764,753</u>     |
| <b>Other comprehensive (loss)/income for the period</b>   |             | <u><b>(706,065)</b></u>         | <u>502,870</u>     |
| <b>Total comprehensive (loss)/income for the period</b>   |             | <u><b>(360,514)</b></u>         | <u>1,097,555</u>   |
| <b>Total comprehensive (loss)/income attributable to:</b>   |             |                                 |                    |
| Owners of the Company   |             | <b>(396,615)</b>                | 1,108,844          |
| Non-controlling interests   |             | <b>36,101</b>                   | (11,289)           |
|   |             | <u><b>(360,514)</b></u>         | <u>1,097,555</u>   |
| <b>Earnings per share for profit attributable to owners of the Company:</b>                                 |             |                                 |                    |
| Basic earnings per share ( <i>HK cents</i> )  | <i>5</i>    | <b>4.17</b>                     | 8.46               |
| Diluted earnings per share ( <i>HK cents</i> )  | <i>5</i>    | <b>4.14</b>                     | 8.46               |
|   |             | <u><b>4.17</b></u>              | <u>8.46</u>        |
|   |             | <u><b>4.14</b></u>              | <u>8.46</u>        |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

|   |             | 30 June<br>2023                | 31 December<br>2022          |
|---|-------------|--------------------------------|------------------------------|
|   | <i>Note</i> | <i>HK\$'000</i><br>(Unaudited) | <i>HK\$'000</i><br>(Audited) |
| <b>ASSETS</b>   |             |                                |                              |
| <b>Non-current assets</b>   |             |                                |                              |
| Property, plant and equipment                                     |             | 21,127                         | 22,939                       |
| Right-of-use assets   |             | 1,892,747                      | 2,051,682                    |
| Contract assets in respect of service concession arrangements     |             | 207,690                        | 209,368                      |
| Investment properties   |             | 845,870                        | 615,579                      |
| Investments in associates   |             | 266,242                        | 163,790                      |
| Investments in joint ventures                                     |             | 606,528                        | 650,204                      |
| Investments – non-current   |             | 3,370,427                      | 3,490,102                    |
| Prepayments and deposits  |             | 156,612                        | 167,162                      |
| Deferred income tax assets  |             | 5,058                          | 5,291                        |
| Other non-current assets  |             | 429,826                        | 403,233                      |
| <b>Total non-current assets</b>                                   |             | <b>7,802,127</b>               | <b>7,779,350</b>             |
| <b>Current assets</b>   |             |                                |                              |
| Trade receivables   | 6           | 303,938                        | 355,961                      |
| Prepayments, deposits and other receivables                       |             | 661,975                        | 300,936                      |
| Investments – current   |             | 1,116,936                      | 1,495,605                    |
| Time deposits with maturity over three months                     |             | 1,414,289                      | 150,654                      |
| Bank balances and cash  |             | 2,403,738                      | 3,573,685                    |
| <b>Total current assets</b>                                       |             | <b>5,900,876</b>               | <b>5,876,841</b>             |
| <b>Total assets</b>   |             | <b>13,703,003</b>              | <b>13,656,191</b>            |
| <b>EQUITY</b>   |             |                                |                              |
| <b>Capital and reserves</b>                                       |             |                                |                              |
| Share capital   | 8           | 12,994,847                     | 12,546,847                   |
| Reserves  |             | (3,645,847)                    | (2,619,258)                  |
| <b>Capital and reserves attributable to owners of the Company</b> |             | <b>9,349,000</b>               | <b>9,927,589</b>             |
| Non-controlling interests   |             | 131,740                        | 96,470                       |
| <b>Total equity</b>   |             | <b>9,480,740</b>               | <b>10,024,059</b>            |

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

|   |             | <b>30 June<br/>2023</b>               | 31 December<br>2022                 |
|---|-------------|---------------------------------------|-------------------------------------|
|   | <i>Note</i> | <b>HK\$'000</b><br><b>(Unaudited)</b> | <b>HK\$'000</b><br><b>(Audited)</b> |
| <b>LIABILITIES</b>  |             |                                       |                                     |
| <b>Non-current liabilities</b>  |             |                                       |                                     |
| Borrowings – non-current  |             | 450,812                               | 465,572                             |
| Bond payable  |             | 225,552                               | –                                   |
| Lease liabilities – non-current   |             | 1,347,892                             | 1,448,146                           |
| Deferred income tax liabilities   |             | 113,593                               | 160,013                             |
| Financial liabilities at fair value through<br>profit or loss – non-current |             | 288,462                               | 87,461                              |
|   |             | <hr/>                                 | <hr/>                               |
| <b>Total non-current liabilities</b>  |             | <b>2,426,311</b>                      | <b>2,161,192</b>                    |
| <b>Current liabilities</b>  |             |                                       |                                     |
| Trade payables  | 7           | 393,648                               | 353,950                             |
| Other payables, provision and accrued liabilities                           |             | 235,314                               | 273,174                             |
| Dividend payable  | 9           | 390,930                               | –                                   |
| Contract liabilities  |             | 22,580                                | 22,517                              |
| Financial liabilities at fair value through<br>profit or loss – current     |             | –                                     | 925                                 |
| Tax payable   |             | 72,699                                | 137,716                             |
| Borrowings – current  |             | 563,047                               | 581,821                             |
| Lease liabilities – current   |             | 117,734                               | 100,837                             |
|   |             | <hr/>                                 | <hr/>                               |
| <b>Total current liabilities</b>  |             | <b>1,795,952</b>                      | <b>1,470,940</b>                    |
|   |             | <hr/>                                 | <hr/>                               |
| <b>Total liabilities</b>  |             | <b>4,222,263</b>                      | <b>3,632,132</b>                    |
|   |             | <hr/>                                 | <hr/>                               |
| <b>Total equity and liabilities</b>   |             | <b>13,703,003</b>                     | <b>13,656,191</b>                   |
|   |             | <hr/> <hr/>                           | <hr/> <hr/>                         |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”.

The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and any public announcements made by the Company during the six months ended 30 June 2023.

The financial information relating to the year ended 31 December 2022 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2023 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong, “**Hong Kong Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

## **2. ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND JUDGEMENTS**

### **2.1 Accounting policies**

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements.

#### **Taxes on income**

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

#### **2.1.1 New and amended standards adopted by the Group**

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies and make retrospective adjustments as a result of adopting these standards.

#### **2.1.2 Impact of new standards, interpretations and amendments issued but not yet applied by the Group**

The Group is still assessing what the impact of the new standards, interpretations and amendments will be in the period of initial application. It is not yet in a position to state whether these new standards, interpretation and amendments will have a significant impact on the Group's results of operations and financial position.

### **2.2 Accounting estimates and judgements**

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the critical estimates and judgements by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

### 3. REVENUE AND SEGMENT INFORMATION

The Group has been principally engaged in infrastructure assets management. The principal business of the Company is investment holding. There were no significant changes in the Group's operations during the period. Revenue recognised during the periods are as follows:

|   | <b>Six months ended 30 June</b> |                       |
|---|---------------------------------|-----------------------|
|   | <b>2023</b>                     | <b>2022</b>           |
|   | <b>HK\$'000</b>                 | <b>HK\$'000</b>       |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>    |
| <b>Revenue under HKFRS 15:</b>                          |                                 |                       |
| Operation service income                                | 258,945                         | 170,779               |
| Construction revenue from service concession agreements | 7,108                           | 65,745                |
| Fund management services income                         | 78,865                          | 98,049                |
| Excess return from investment funds                     | 129,766                         | 331,632               |
|   | <u>474,684</u>                  | <u>666,205</u>        |
| <b>Revenue under other accounting standards:</b>        |                                 |                       |
| Leasing income  | 25,143                          | 36,655                |
| Investment (loss)/gain on financial assets at FVPL      | (154,652)                       | 219,520               |
|   | <u>345,175</u>                  | <u>922,380</u>        |
| <b>Total revenue</b>                                    |                                 |                       |
|   | <u><u>345,175</u></u>           | <u><u>922,380</u></u> |
| <b>Six months ended 30 June</b>                         |                                 |                       |
|   | <b>2023</b>                     | <b>2022</b>           |
|   | <b>HK\$'000</b>                 | <b>HK\$'000</b>       |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>    |
| <b>Timing of revenue recognition</b>                    |                                 |                       |
| – Overtime  | <u>474,684</u>                  | <u>666,205</u>        |

Management has determined the operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions and resources allocation. The Group's businesses are managed according to the type of products and services they provide. No operating segment identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

In order to strengthen corporate governance and enhance the interaction between the Board of directors and the management of the Group, the Group restructured the Executive Committee into an Executive Management Committee with effect from 25 August 2022. The Group considered the Executive Management Committee as the chief operating decision makers and reorganised its internal reporting structure which resulted in changes to the composition of its reportable segment.

Before the change in segment reporting, the Group had two business segments, including parking business and fund management business. After the reorganisation of the internal reporting structure, the Group identified only one reportable segment – infrastructure assets management business.

The Group had adopted the new segment information as the reporting format during the year ended 31 December 2022 and the six months ended 30 June 2023, and the comparative segment information had been reclassified to conform to the reporting format under the current segment information.

The revenue, profit before tax, total assets and total liabilities reported to the chief operating decision makers are measured in a manner consistent with that in the condensed consolidated interim financial statements.

#### 4. INCOME TAX EXPENSE

##### Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the assessable profit for the six months ended 30 June 2023 and for the six months ended 2022.

##### China enterprise income tax

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is mainly 25% for the six months ended 30 June 2023 and for the six months ended 2022.

#### 5. EARNINGS PER SHARE

##### (a) Basic earnings per share

The basic earnings per share for the period is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

|  | <b>Six months ended 30 June</b> |                        |
|--|---------------------------------|------------------------|
|  | <b>2023</b>                     | <b>2022</b>            |
|  | <b><i>HK cents</i></b>          | <b><i>HK cents</i></b> |
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b>     |
| Basic earnings per share attributable to the owners of the Company | <u><u>4.17</u></u>              | <u><u>8.46</u></u>     |

##### (b) Diluted earnings per share

The diluted earnings per share for the period is calculated by dividing the profit attributable to the owners of the Company which have been taken into account the after-tax interest and other related after-tax financing costs on potentially dilutive ordinary shares by the adjusted weighted average number of ordinary shares in issue, which have taken into account the additional ordinary shares that would have been outstanding assuming all potentially dilutive ordinary shares have been converted.

|  | <b>Six months ended 30 June</b> |                        |
|--|---------------------------------|------------------------|
|  | <b>2023</b>                     | <b>2022</b>            |
|  | <b><i>HK cents</i></b>          | <b><i>HK cents</i></b> |
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b>     |
| Diluted earnings per share attributable to the owners of the Company | <u><u>4.14</u></u>              | <u><u>8.46</u></u>     |

5. EARNINGS PER SHARE (CONTINUED)

(c) Reconciliations of earnings used in calculating earnings per share

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2023                     | 2022           |
|   | HK\$'000                 | HK\$'000       |
|   | (Unaudited)              | (Unaudited)    |
| <b>Basic earnings per share</b>   |                          |                |
| Profit attributable to the owners of the Company used in calculating basic earnings per share   | <u>303,194</u>           | <u>601,932</u> |
| <b>Diluted earnings per share</b>   |                          |                |
| Profit attributable to the owners of the Company used in calculating diluted earnings per share | <u>303,194</u>           | <u>601,932</u> |

(d) Weighted average number of shares used as the denominator

|  | Six months ended 30 June |                      |
|--|--------------------------|----------------------|
|  | 2023                     | 2022                 |
|  | Number of share '000     | Number of share '000 |
|  | (Unaudited)              | (Unaudited)          |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share                                 | 7,275,232                | 7,112,514            |
| Adjustments for calculation of diluted earnings per share: share incentive plan  | <u>45,572</u>            | <u>–</u>             |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | <u>7,320,804</u>         | <u>7,112,514</u>     |

## 6. TRADE RECEIVABLES

|   | As at<br>30 June<br>2023<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2022<br><i>HK\$'000</i><br>(Audited) |
|---|--|--|
| Trade receivables                             | 318,450  | 371,571  |
| Less: Provision for impairment on receivables | <u>(14,512)</u>  | <u>(15,610)</u>  |
| Trade receivables – net                       | <u><u>303,938</u></u>                                      | <u><u>355,961</u></u>  |

The credit terms of trade receivables are normally 30 to 180 days as at 30 June 2023 and 31 December 2022. The following is an ageing analysis of trade receivables net of provision for impairment losses based on the invoice dates at the end of the reporting period, which were similar to the respective revenue recognition dates:

|                | As at<br>30 June<br>2023<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2022<br><i>HK\$'000</i><br>(Audited) |
|----------------|--|--|
| Within 60 days | 116,449  | 167,420  |
| 61 – 90 days   | 11,965   | 8,793  |
| 91 – 180 days  | 105,199  | 22,088   |
| Over 180 days  | <u>70,325</u>  | <u>157,660</u>   |
|                | <u><u>303,938</u></u>                                      | <u><u>355,961</u></u>  |

## 7. TRADE PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

|                | As at<br>30 June<br>2023<br><i>HK\$'000</i><br>(Unaudited) | As at<br>31 December<br>2022<br><i>HK\$'000</i><br>(Audited) |
|----------------|--|--|
| Within 90 days | 113,445  | 94,223   |
| 91 – 180 days  | 58,124   | 67,894   |
| 181 – 365 days | 131,236  | 90,652   |
| Over 365 days  | <u>90,843</u>  | <u>101,181</u>   |
|                | <u><u>393,648</u></u>                                      | <u><u>353,950</u></u>  |

## 8. SHARE CAPITAL

|  | Approximate<br>number of<br>shares<br>'000 | Amount<br>HK\$'000 |
|--|--|--------------------|
| <b>Ordinary shares issued and fully paid:</b>      |  |                    |
| At 1 January 2022 (Audited)                        | 7,291,017                                  | 12,546,847         |
| Share repurchase                                   | (15,082)                                   | –                  |
|  | <u>7,275,935</u>                           | <u>12,546,847</u>  |
| At 31 December 2022 and 1 January 2023 (Audited)   | 7,275,935                                  | 12,546,847         |
| Share repurchase ( <i>Note (a)</i> )               | (116,162)                                  | –                  |
| New shares issued upon placing ( <i>Note (b)</i> ) | 252,802                                    | 448,000            |
|  | <u>7,412,575</u>                           | <u>12,994,847</u>  |
| At 30 June 2023 (Unaudited)                        | <u>7,412,575</u>                           | <u>12,994,847</u>  |

*Note:*

- (a) During the six months ended 30 June 2023, 117,362,000 ordinary shares of the Company were repurchased at a price ranging from HK\$1.85 to HK\$2.30 per share. The total amount paid for the repurchase was approximately HK\$247,649,000. During the six months ended 30 June 2023, 116,162,000 repurchased ordinary shares of the Company have been cancelled. All the residual 1,200,000 repurchase ordinary shares of the Company have been cancelled subsequently.
- (b) On 31 January 2023, the Company placed a total of approximately 252,802,000 ordinary shares of the Company to 陽光人壽保險股份有限公司 (Sunshine Life Insurance Corporation Limited\*) at a placing price of HK\$1.80 per shares. The net proceeds from the placing amounts to approximately HK\$448,000,000. For details, please refer to the Company's announcement dated 31 January 2023.

## 9. DIVIDENDS

### Dividends recognised during the half-year

|                  | Six months ended 30 June |                |
|------------------|--------------------------|----------------|
|                  | 2023                     | 2022           |
|                  | HK\$'000                 | HK\$'000       |
|                  | (Unaudited)              | (Unaudited)    |
| Final dividend   | 400,279                  | 399,945        |
| Special dividend | –                        | 200,000        |
|                  | <u>400,279</u>           | <u>600,000</u> |

On 24 March 2023, the Board recommended a final dividend with the total amount of HK\$400 million for the year ended 31 December 2022 payable to shareholders whose names appear on the register of members of the Company at the close of business on 14 July 2023. The final dividend was approved at the annual general meeting held on 25 May 2023. The final dividends have been recognised as liabilities at 30 June 2023 and were paid on 3 August 2023.

The dividend distribution includes approximately HK\$9 million which will be received by the treasury shares held by the Company for the shares incentive plan during the period ended 30 June 2023.

\* *For identification purpose only*

## 9. DIVIDENDS (CONTINUED)

### Dividends not recognised at the end of the half-year

|   | Six months ended 30 June |                 |
|---|--------------------------|-----------------|
|   | 2023                     | 2022            |
|   | <i>HK\$'000</i>          | <i>HK\$'000</i> |
|   | (Unaudited)              | (Unaudited)     |
| Declared and payable after interim period | <b>243,000</b>           | 300,041         |

The Board has declared an interim dividend in the total amount of HK\$243 million (equivalent to HK3.28 cents per share, based on the number of issued shares on 28 August 2023, i.e. 7,403,975,440 shares) for the six months ended 30 June 2023, which is payable to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, 29 September 2023. The interim dividend has not been recognised as liabilities as at 30 June 2023.

## 10. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

- (a) During the six months ended 30 June 2023, the non-controlling interests of certain non-wholly owned subsidiaries and the Group completed several rounds of capital injections into these subsidiaries without changing the ownership of the Group and the non-controlling interests in these subsidiaries. As a result of the capital injections, the balance of non-controlling interests increased by HK\$2,677,000.
- (b) During the six months ended 30 June 2022, the non-controlling interests of certain non-wholly owned subsidiaries and the Group completed several rounds of capital injections into these subsidiaries without changing the ownership of the Group and the non-controlling interests in these subsidiaries. As a result of the capital injections, the balance of non-controlling interests increased by HK\$23,969,000.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend in the total amount of HK\$243 million (equivalent to HK3.28 cents per share based on the number of ordinary shares of the Company (the “**Shares**”) in issue on 28 August 2023 (i.e. 7,403,975,440 Shares)) for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$300 million), which is payable to the shareholders whose names appear on the register of members of the Company at the close of business on Friday, 29 September 2023. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 29 September 2023 for registration. The interim dividend is expected to be paid on Friday, 17 November 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMPANY OVERVIEW

The Group continues to uphold its mission of being the leading infrastructure assets service provider who continuously enhances the operational efficiency as well as becomes the pioneer of real estate investment trusts (“REITs”) in China. With the Group’s strong ability of FIME (which means fundraising, investment, management and exit capabilities) and rich asset operation experience, the Group is seizing the opportunities in the era of public offering REITs in China, as such, the Group helps to build new infrastructure for China. The Group continues to provide “full-cycle management” services for infrastructure assets, serve our clients in-depth, and enhance the efficiency of the infrastructure asset industry in China.

In the first half of 2023, the Group recorded revenue of HK\$345 million, representing a decrease of 63% compared to the six months ended 30 June 2022 (“**the corresponding period in 2022**”), of which revenue from FIME was HK\$54 million, representing a decrease of 92% as compared to the corresponding period in 2022. Revenue from asset operation was HK\$291 million, representing an increase of 6% as compared to the corresponding period in 2022. Profit attributable to owners of the Company amounted to HK\$303 million, representing a decrease of 50% as compared to the corresponding period in 2022.

For the first half of 2023, the Group’s basic earnings per share was HK4.17 cents and diluted earnings per share was HK4.14 cents. The Group’s basic earnings per share and diluted earnings per share for the corresponding period in 2022 were HK8.46 cents.

The decline in the Group’s results was mainly attributable to the unrealized loss recorded by REITs in China measured at fair value through profit or loss under the Group’s FIME business, the unrealized loss is not cash in nature and shall not have any impact on the cash flows nor the normal business operation of the Group. The public offering REITs owned by the Group maintains accumulated profits since its initial investment. The Group maintains abundant cash balance and stable overall financial and business operation status.

On the other hand, for the capability of the asset operation, the Group relied on the establishment of standardized operation system, technological empowerment, and value-added innovation to effectively enhance the operational efficiency of its underlying assets. The revenue scale from various assets under management has increased significantly compared to the corresponding period in 2022 and has formed a solid foundation for the subsequent asset securitization process.

## KEY PERFORMANCE INDICATORS REVIEW

|  | For the six months ended<br>30 June |                             |
|--|-------------------------------------|-----------------------------|
|  | 2023<br><i>HK\$ million</i>         | 2022<br><i>HK\$ million</i> |
| Revenue  | 345                                 | 922                         |
| Including: Revenue from FIME <sup>^</sup>        | 54                                  | 647                         |
| Revenue from asset operation                     | 291                                 | 275                         |
| Adjusted EBITDA*                                 | 498                                 | 853                         |
| Operating profit                                 | 419                                 | 794                         |
| Profit attributable to the owners of the Company | 303                                 | 602                         |

|                            | For the six months ended<br>30 June |                         |
|----------------------------|-------------------------------------|-------------------------|
|                            | 2023<br><i>HK cents</i>             | 2022<br><i>HK cents</i> |
| Basic earnings per share   | 4.17                                | 8.46                    |
| Diluted earnings per share | 4.14                                | 8.46                    |

|                                      | As at<br>30 June<br>2023<br><i>HK\$ million</i> | As at<br>31 December<br>2022<br><i>HK\$ million</i> |
|--------------------------------------|---|---|
|                                      | Total assets                                    | 13,703  |
| Net assets                           | 9,481   | 10,024  |
| Asset – Liability ratio <sup>#</sup> | 30.8%   | 26.6%   |
| Debt equity ratio <sup>△</sup>       | 10.8%   | 10.5%   |

<sup>^</sup> FIME is defined as fundraising, investment, management and exit.

\* The definition of Adjusted EBITDA is set out in page 18 of this announcement.

# The definition of Asset – Liability ratio is set out in page 19 of this announcement

△ The definition of Debt equity ratio is set out in page 19 of this announcement

## FINANCIAL REVIEW

The six months ended 30 June 2023 compared to the six months ended 30 June 2022:

### Revenue and Cost of Sales

In the first half of 2023, the Group recorded revenue of HK\$345 million, representing a decrease of 63% compared to the corresponding period in 2022. With the recovery of macro economy, revenue from asset operation gradually increased, and the Group recorded revenue from asset operation of HK\$291 million, representing an increase of 6% as compared to the corresponding period in 2022. The Group focused on improving the internal operation and management system which further enhanced efficiency, resulted in cost reduction, and gradually increased the overall gross profit of the asset operation. The Group recorded revenue from FIME of HK\$54 million, representing a decrease of 92% as compared to the corresponding period in 2022. The overall gross profit ratio for the period was 28.7%, representing a decrease of absolute value of 42.1% compared to 70.8% for the corresponding period in 2022. The decline in revenue and overall profit margin from FIME was mainly attributable to the unrealized loss recorded by REITs in China measured at fair value through profit or loss in the first half of 2023 due to the decrease in China public offering REITs. Although the decrease in China public offering REITs imposes certain adverse effects on the Group's FIME, the funds under the Group's management steadily generate management fee income, in addition, the mature investment projects and the funds under the Group's management continue to contribute excess return to the Group, the above mentioned contributed HK\$329 million revenue to the Group in the first half of 2023.

### Non-HKFRSs Measures

Profit/(loss) before income tax plus non-controlling interest, finance costs, provision for impairment in an investment, depreciation, and amortisation is defined as the adjusted EBITDA (the “**Adjusted EBITDA**”) of the Group.

The total liabilities divided by total assets is defined as the Asset – Liability ratio (the “**Asset – Liability ratio**”) of the Group.

The total borrowings divided by capital and reserves attributable to owners of the Company is defined as the debt equity ratio (the “**Debt equity ratio**”) of the Group.

The Adjusted EBITDA, Asset – Liability ratio and Debt equity ratio are used as additional financial measures to supplement the Group's consolidated financial statements which are presented in accordance with HKFRSs.

The Group believes that the Adjusted EBITDA, Asset – Liability ratio and Debt equity ratio provide meaningful supplemental information regarding the Group's performance and the core operating results, enhance the overall understanding of the Group's past performance and future prospects, and allow for greater visibility with respect to key metrics used by the Group's management in its financial and operational decision-making. It would help the investors of the Company and others to understand and evaluate the Group's consolidated results of operations in the same manner as management and in comparing financial results across different accounting periods.

## Adjusted EBITDA

The Adjusted EBITDA is presented because it is used by management to evaluate operating performance. The Adjusted EBITDA attempts to represent cash profit generated by the core operations by stripping out the 1) non-cash items, including depreciation, amortisation and provision for impairment of investment in an investment; 2) income tax expenses depending on different tax rates in different countries; 3) finance costs depending on the Group's capital structure and not directly attributable to the Group's core operating results; and 4) non-controlling interest, which is not directly attributable to owners of the Company.

In the first half of 2023, the Adjusted EBITDA of the Group amounted to HK\$498 million, representing an decrease of 41.6% in the corresponding period of 2022.

The following table reconciles the Group's profit before income tax to adjusted EBITDA for the periods presented:

|   | For the six months ended |                     |
|---|--------------------------|---------------------|
|   | 30 June                  |                     |
|   | 2023                     | 2022                |
|   | <i>HK\$ million</i>      | <i>HK\$ million</i> |
|   | (Unaudited)              | (Audited)           |
| Profit before income tax                                  | 356                      | 722                 |
| 1. Non – controlling interests                            | (8)                      | (8)                 |
| 2. Finance costs  | 55                       | 56                  |
| 3. Gain on disposal of assets classified as held for sale | –                        | (17)                |
| 4. Depreciation of property, plant and equipment          | 3                        | 6                   |
| 5. Depreciation of right-of-use assets                    | 86                       | 84                  |
| 6. Amortization of other non-current assets               | 6                        | 10                  |
| Adjusted EBITDA   | <u>498</u>               | <u>853</u>          |

## Asset – Liability ratio

The Asset – Liability ratio is presented because it is used by management to evaluate the Group’s debt level.

As at 30 June 2023, the Asset – Liability ratio of the Group is 30.8%, representing an increase of absolute value of 4.2% as compared to 31 December 2022.

The following table shows the Group’s total liabilities and total assets for the periods presented:

|                                | <b>As at<br/>30 June<br/>2023<br/><i>HK\$ million</i><br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2022<br/><i>HK\$ million</i><br/>(Audited)</b> |
|--------------------------------|---|---|
| <b>Total liabilities</b>       | <b>4,222</b>  | 3,632   |
| <b>Total assets</b>            | <b>13,703</b>   | 13,656  |
| <b>Asset – Liability ratio</b> | <b>30.8%</b>  | 26.6%   |

## Debt equity ratio

The Debt equity ratio is presented because it is used by management to evaluate how the Group utilise its borrowings for financing the business and operations for growth.

As at 30 June 2023, the Debt equity ratio of the Group is 10.8%, representing an increase of absolute value of 0.3% as compared to 31 December 2022.

The following table shows the Group’s total borrowings and capital and reserves attributable to owners of the Company for the periods presented:

|   | <b>As at<br/>30 June<br/>2023<br/><i>HK\$ million</i><br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2022<br/><i>HK\$ million</i><br/>(Audited)</b> |
|---|---|---|
| <b>Total borrowings</b>   | <b>1,014</b>  | 1,047   |
| Including: Borrowings – non-current                                   | <b>451</b>  | 465   |
| Borrowings – current  | <b>563</b>  | 582   |
| <b>Capital and reserves attributable to owners<br/>of the Company</b> | <b>9,349</b>  | 9,928   |
| <b>Debt Equity Ratio</b>  | <b>10.8%</b>  | 10.5%   |

## **Finance costs**

During the first half of 2023, finance costs of the Group amounted to HK\$55 million, representing a decrease of 1% compared to the corresponding period in 2022. The finance costs are mainly attributable to the interests on lease liabilities derived from the adoption of HKFRS 16 Leases and the interest on the borrowings.

## **Holding other business assets**

Shougang Fushan Resources Group Limited (“**Shougang Resources**”)

Shougang Resources is a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with stock code 639 and is a major hard coking coal producer in Mainland China.

The investment return derived from Shougang Resources for the first half of 2023 was HK\$242 million which decreased by 12.5% compared to HK\$277 million of investment return derived from Shougang Resources in the corresponding period in 2022.

## **Taxation**

Provision for taxation amounting to approximately HK\$11 million was made for the first half of 2023, while provision for taxation of approximately HK\$127 million was made for the corresponding period in 2022.

Income tax expenses mainly includes the enterprise income tax calculated at a tax rate of 25% for the Group’s major PRC subsidiaries incorporated in the Mainland China.

## REVIEW OF OPERATIONS

As a professional infrastructure asset service provider and efficiency enhancer, the Group has always adhered to a business model driven by its two core competencies of FIME and asset operation and has adhered to the core business philosophy of “Precise Investment + Lean Operation” to provide in-depth services to its customers by focusing on the investment and operation of various types of infrastructure assets with long-term value.

### FIME

The Group continues to strengthen its FIME business which centered on the full chain of REITs. In the area of REITs consulting, relying on domestic and overseas compound qualifications and rich experience of asset consultancy service, the Group assists the entire process of public offering REITs consultancy service and provides top financing services to the original stakeholders.

In the first half of 2023, the Group assisted its client in the successful issuance of the first photovoltaic power generation asset Public Offering REITs, the corresponding underlying asset revitalization scale was approximately RMB3 billion. In the area of REITs strategic placement investment, the Group participated in the initial public offering of four REITs products and second offering of two REITs products through the Group’s managed funds, which contributes sustainable income to the Group. In the area of REITs development funds, the Group conducted research on a number of projects in the first half of 2023 and has stockpiled a number of categories of high-quality infrastructure assets, laying a solid foundation for subsequent investment in projects and the establishment of new REITs development funds.

The Group’s first REITs product “Guojun-Shoucheng Holdings Smart Parking Asset-Backed Special Plan”\* (“國君-首程控股智慧停車資產支持專項計劃”), with four self-owned parking projects as the underlying assets, was successfully issued on the Shenzhen Stock Exchange in June 2023. The successful issuance of this product demonstrated that the Group’s asset operation capability was fully recognized in the capital market, and was another breakthrough in the Group’s efforts to complete its business cycle of asset operation + FIME, which provides abundant development capital for the Group’s rapid development and expansion, and is conducive to the acquisition of more high-quality parking assets. In the first half of 2023, the Group completed the acquisition of ownership of parking spaces in core cities such as Beijing and Chongqing, prepared for the subsequent issuance of public REITs products with its own assets, and continued to enhance the Group’s leading position in car parking asset management industry.

\* For identification purpose only

## Asset Operation

With the “investment + operation + REITs” driving model, the Group constantly innovated its product categories and expanded its business coverage. The Group has built up a full cycle with its comprehensive capacity for planning and design, investment and construction, management and operation, innovation and value-added services, and technological empowerment. The Group adheres to the concept of “Key Cities + Core Location + Quality Assets” in the layout of grid-based assets, focusing on the four core regions of the Beijing-Tianjin-Hebei region, the Southeast region, the Greater Bay Area region, and Chengdu-Chongqing region, targeting potential assets and actively expanding the scale of its own asset management, and concentrating on the promotion of key projects.

The Beijing-Tianjin-Hebei region is the core region with the largest assets management scale of the Group. The Group’s asset operation capability has been highly recognized by the governments of the respective districts. In the first half of 2023, the Group gave full play to its advantages and successfully signed a roadside project in the Shunyi District of Beijing, and established a joint venture company with the Daxing District of Beijing for acquiring a roadside project in Daxing District of Beijing. The Group has also signed a strategic cooperation agreement with the governments of Hedong District and Nankai District in Tianjin, and has been exploring development opportunities in static transportation, deepening interaction between government and enterprises, creating a smarter parking space with complex functions, providing consumers with prompt, convenient, and comfortable parking services and further enhancing the Group’s brand influence.

In the Chengdu-Chongqing region, the Group continues to strengthen its dominant position in social public parking facilities. In the first half of 2023, the Group successfully signed contracts for the Chengdu Jinjiang Greenway Parking Project, the Chengdu Xihanggang Street Hujiatan West Street No. 1 Parking Project, the Chongqing Fortune Financial Centre FFC project, the Chongqing Fortune Building CDE project and etc. The Group also signed a strategic cooperation agreement with New Hope Property Services Group Limited to jointly endeavor to meet the needs of parking facilities, charging piles and comprehensive urban infrastructure assets in Chengdu-Chongqing region, and to continuously enhance the Group’s ability to serve the city’s static traffic.

For transport hub projects, with the liberalization of travel policies following the erasing of the pandemic, the traffic and passenger flow of airports such as Beijing Daxing International Airport, Beijing Capital International Airport, and Shanghai Pudong International Airport, as well as railway stations such as Beijing Chaoyang Station, and Beijing Qinghe Station have rebounded at a high speed, resulting in a significant increase in operational efficiency. The Group actively developed value-adding businesses based on existing projects to expand the scale of revenues, such as co-operation with various companies in the airport carparks in the areas of food and beverage, banking, internet car rental, new energy vehicles, charging piles and etc. The Group continues to actively seek expansion of opportunities and reserve quality projects.

In terms of technology empowerment services, the Group's capability in construction, operation, and technology of city-level intelligent transport projects has been fully recognized by our customers. In the first half of 2023, the signing and commencement of the city-level projects in the second phase of the city-level project in Baiyin city of Gansu province, and the project for the construction and maintenance of the intelligent parking platform in Yanji city of Jilin province, as well as the successful bidding of the information engineering project for the expansion of the third phase of the Xi'an International Airport in Shanxi province, have fully demonstrated the Group's accumulated experience and technical capabilities in the management of large-scale and complex scenic carparks, and the Group serves the city to establish an intelligent platform for static traffic through technological systems while providing consumers with more convenient services.

The group's benchmark industrial park project, the Chang'an Mills project\* (“六工匯”項目) in Beijing has become a new phenomenal landmark for cultural tourism consumption in Beijing, and it constantly hits a record high of customer visits. In the first half of 2023, the amount of sales of a number of contracted brands ranked top among the stores in Beijing during the “May Day Labor Day” holiday. This is attributable to the Group's precise selection and introduction of a number of top state-owned enterprises and high-quality industrial customers, and the Group's effort in organizing distinctive marketing activities, launching various membership points model and other forms of promotion activities, as well as continuously and efficiently empowering the resident brands. The Group would continue to introduce high-quality industrial customers in the future, increase asset value of the overall project of Chang'an Mills, and consolidate the status of Chang'an Mills as a new landmark for consumption in Beijing western area.

\* *For identification purpose only*

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group formulates financial risk policies as directed by the Board in order to manage financial risk, foreign currency risk, interest rate risk and trading counterparties' credit risk. The Group also aims to ensure that adequate financial resources are available for business growth.

The Group conducts its businesses mainly in Mainland China and Hong Kong, and is thus subject to the foreign exchange fluctuation risks of HK dollars, US dollars and Renminbi. To minimise currency exposure, foreign currency assets are usually financed in the same currency as the asset or cash flow from it through borrowings.

## LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

The Group aims to diversify its funding sources through utilisation of both banking and capital markets. To the extent possible, financing is arranged to match business characteristics and cash flows.

### 1. Assets with high liquidity and borrowings

The assets with high liquidity and borrowings of the Group as at 30 June 2023 as compared to 31 December 2022 are summarised below:

|  | <b>As at<br/>30 June<br/>2023<br/>HK\$ million</b> | <b>As at<br/>31 December<br/>2022<br/>HK\$ million</b> |
|--|--|--|
| Bank balances and cash                                       | <b><u>2,404</u></b>                                | <b><u>3,574</u></b>                                    |
| Wealth management products and fixed income financial assets | <b><u>2,112</u></b>                                | <b><u>903</u></b>                                      |
| Total borrowings   | <b><u>1,014</u></b>                                | <b><u>1,047</u></b>                                    |

### 2. Financing Activities

As at 30 June 2023, the balance of the Group's term loan financing from banks was HK\$1,014 million, which was mainly from the investment in the 25 years operation rights of the Beijing Daxing International Airport Parking Building\* (北京大興國際機場停車樓) and Nanjing Jianye Shoucheng Smart City Development Fund project\* (南京建邺首程智慧城市發展基金項目).

\* For identification purpose only

## USE OF PROCEEDS

1. On 10 August 2020, the Company completed the subscription agreement (“**Poly Platinum Subscription**”) with Poly Platinum Enterprises Limited (“**Poly Platinum**”), pursuant to which the Company has conditionally agreed to issue, and Poly Platinum conditionally agreed to subscribe for the 1% convertible bonds, in the aggregate principal amount of HK\$300 million, with net proceeds of approximately HK\$295 million. As at 30 June 2023, the Group applied the proceeds of the Poly Platinum Subscription in the following manner:

| Intended use of net proceeds   | Amount of<br>the net<br>proceeds<br>raised<br><i>HK\$ million</i> | Amount of<br>unutilised<br>net proceeds<br>as at<br>1 January<br>2023<br><i>HK\$ million</i> | Amount of<br>utilised<br>net proceeds<br>for the<br>six months<br>ended<br>30 June 2023<br><i>HK\$ million</i> | Amount of<br>unutilised<br>net proceeds<br>as at<br>30 June<br>2023<br><i>HK\$ million</i> | Expected<br>timeline for<br>the use of<br>unutilised<br>net proceeds <sup>#</sup> |
|--|---|--|--|--|---|
| Financing the expansion of the Group’s business in management and operation of car parking assets in Guangdong-Hong Kong-Macau Greater Bay Area and technology innovation of the Group | 295   | 182  | 6  | 176  | By the end of 2023  |
| Total  | <u>295</u>  | <u>182</u>   | <u>6</u>   | <u>176</u>   |   |

<sup>#</sup> *The Company intends to apply the remaining net proceeds in accordance with (i) the indicative timetable set forth above; and (ii) in the manner disclosed in the Company’s announcement dated 28 July 2020.*

2. On 27 January 2021, the Company entered into the placing agreement with Huatai Financial Holdings (Hong Kong) Limited and BOCI Asia Limited (as placing agents) to procure placees to purchase the total number of the placing shares, being 210,000,000 shares, at a placing price of HK\$2.03 per placing share. On 3 February 2021, the Company completed the placing and the subscription of 210,000,000 placing shares to not less than six placees (“**Placing and Subscription**”) with net proceeds of approximately HK\$419 million. As at 30 June 2023, the Group applied the proceeds of the Placing and Subscription in the following manner:

| Intended use of net proceeds   | Amount of the net proceeds raised<br><i>HK\$ million</i> | Amount of unutilised net proceeds as at 1 January 2023<br><i>HK\$ million</i> | Amount of utilised  | Amount of unutilised net proceeds as at 30 June 2023<br><i>HK\$ million</i> | Expected timeline for the use of unutilised net proceeds <sup>#</sup> |
|--|--|---|---|---|---|
|  |  |   | net proceeds for the six months ended 30 June 2023<br><i>HK\$ million</i> |   |   |
| Invest in the Group’s parking business, used for the Group’s existing capital injection commitment, rental deposit and the development of new car parking assets | 168  | 70  | 70  | –   | Not applicable  |
| Invest in the Group’s infrastructure and real estate business  | 168  | 4   | 4   | –   | Not applicable  |
| General working capital  | 83   | 17  | 17  | –   | Not applicable  |
| <b>Total</b>   | <b>419</b>   | <b>91</b>   | <b>91</b>   | <b>–</b>  |   |

<sup>#</sup> *The full amount of the net proceeds of the Placing and Subscription have been applied in accordance with (i) the indicative timetable set forth above; and (ii) in the manner disclosed in the Company’s announcement dated 3 February 2021.*

3. On 13 January 2023, the Company entered into the placing agreement (the “**Placing Agreement**”) with Huatai Financial Holdings (Hong Kong) Limited (as placing agent and overall coordinator) to procure placee to purchase the total number of the placing shares, being 252,802,246 shares, at a placing price of HK\$1.80 per placing share pursuant to the terms of the Placing Agreement. On 31 January 2023, the Company completed the placing of 252,802,246 placing shares to 陽光人壽保險股份有限公司 (Sunshine Life Insurance Corporation Limited\*), with net proceeds of approximately HK\$448 million. As at 30 June 2023, the Group applied the proceeds of the placing in the following manner:

| Intended use of net proceeds  | Amount<br>of the<br>net proceeds<br>raised<br><i>HK\$ million</i> | Amount of<br>utilised<br>net proceeds<br>for the<br>six months<br>ended<br>30 June<br>2023<br><i>HK\$ million</i> | Amount of<br>unutilised<br>net proceeds<br>as at<br>30 June<br>2023<br><i>HK\$ million</i> | Expected<br>timeline for<br>the use of<br>unutilised<br>net proceeds <sup>#</sup> |
|---|---|---|--|---|
| The Company’s principal activities’<br>potential capital injection, development,<br>construction and acquisition of assets<br>and leasing expenditure | 269   | 190   | 79   | By the end of<br>2025   |
| General working capital   | 179   | 131   | 48   | By the end of<br>2025   |
| Total   | <u>448</u>  | <u>321</u>  | <u>127</u>   |   |

<sup>#</sup> *The Company intends to apply the remaining net proceeds in accordance with (i) the indicative timetable set forth above; and (ii) in the manner disclosed in the Company’s announcement dated 31 January 2023.*

\* *For identification purpose only*

## **MATERIAL ACQUISITIONS & DISPOSALS**

There were no material acquisitions or disposals by the Group during the first half of 2023.

## **EVENTS OCCURRING AFTER THE REPORTING PERIOD**

As at 30 June 2023, the Group through Fine Power Group Limited (“**Fine Power**”) and Fair Gain Investments Limited (“**Fair Gain**”), each being a wholly-owned subsidiary of the Company, owns 863,962,490 shares of Shougang Resources, representing approximately 17.10% of the total issued shares of Shougang Resources.

On 11 July 2023, Shougang Resources made a conditional cash offer (“**Offer**”) to its shareholders to buy-back for cancellation up to 125,000,000 shares of Shougang Resources, at the offer price of HK\$2.40 per share. Fine Power and Fair Gain entered into a deed of irrevocable undertaking (“**Irrevocable Undertaking**”) with Shougang Resources in favour of Shougang Resources under which each of Fine Power and Fair Gain irrevocably undertook to Shougang Resources that they will accept the Offer for the shares of Shougang Resources held by each of them in full.

Details of the above are set out in the Company’s announcement dated 11 July 2023.

As at the date of this announcement, as the conditions to which the Offer is subject have not been satisfied, the above Offer and Irrevocable Undertaking are not completed.

## **CAPITAL STRUCTURE**

As at 30 June 2023, the issued share capital of the Company was HK\$12,994,847,000 (represented by 7,412,575,440 issued ordinary shares).

## **EMPLOYEES RELATIONSHIP**

The Group had a total of 437 employees as at 30 June 2023. All subsidiaries of the Company promote equal employment opportunities. The Group strictly complies with regulations of state and local governments and adopts a fair, just, and open recruitment process in order to provide employees with an equal, diverse and discrimination-free working environment. In the process of recruitment, training and promotion, the Group provides equal treatment to all candidates to safeguard employees' rights and interests.

The Group's remuneration policy is to ensure that employees receive a fair and competitive overall remuneration package. In order to motivate and retain existing employees, based on the principle of "competitive externally, fair internally", the Group has established a remuneration incentive mechanism with "fixed salary as basis and performance linked remuneration as main component" that is based on position value, ability, and contribution to performance. By making full use of a variety of long and short term incentives, the Group seeks to attract and retain talented employees to achieve the Group's strategic goals together.

Remuneration package is designed based on the practices of the locations of the Group's various businesses.

Remuneration package for Hong Kong employees includes salary, discretionary bonus, medical allowance, hospitalization plans and share incentive plan to subscribe for the Company's ordinary shares. All Hong Kong subsidiaries of the Company provide retirement fund scheme for Hong Kong employees as part of employee welfare.

Remuneration package for Mainland China employees includes salary, discretionary bonus, project bonus, medical allowance and share incentive plan to subscribe to the Company's ordinary shares as part of employee welfare. To fully cover the needs of employees, the Group also provides social insurance welfare (i.e. pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund) as well as annual medical check for all employees according to state regulations.

In addition, in order to strengthen employees' sense of belonging, the Group arranges a variety of recreational activities for all employees, including a sports event organized by the Group to strengthen team cohesion, and a town hall meeting to commend excellent individual and team performances.

The Company adopted a share incentive plan in 2021. The scope of participants includes executive directors, core management, technical and business personnel of the Company and its branches and subsidiaries. The purposes of the share incentive plan are to align the interests of employees, the Company and the shareholders of the Company for the Company's long-term development, to attract, motivate and retain talent, to establish and improve the long-term incentive mechanism of the Company, with a view to achieving the objectives of further enhancing shareholders' value. For further details, please refer to (i) the announcements of the Company dated 29 July 2021, 12 October 2021, and 5 November 2021 and 2 November 2022; and (ii) the circular of the Company dated 15 October 2021.

## PROSPECTS

Despite the price decline in the REITs market in the first half of 2023, the development of the REITs market has continued to advance. The inclusion of REITs in the investment scope of funds of funds products (“**FOF funds**”) will bring more investors and incremental capital to the REITs market. As a professional infrastructure asset service provider and efficiency enhancer, the Group has always adhered to its business model driven by its two core competencies of FIME and asset operation, and is firmly optimistic about the long-term development prospects of China’s infrastructure assets, and is continuing to strengthen the foundation of its own business while looking forward to new development opportunities in China’s infrastructure investment and financing sector together with many investors.

The Group has built up a mature product model and accumulated rich operational experience in infrastructure assets with a balance between profitability and stability. In the future, the Group will continue to actively promote its REITs development fund, various asset-based REITs, public offering REITs, and other businesses, to seek new revitalization channels for the self-owned high-quality infrastructure assets, the asset holders, and the original stakeholders of public offering REITs assets.

At the same time, the Group is actively planning to further acquire and integrate high-quality assets through mergers & acquisitions and strategic investments. The Group also takes lean service, cross-border technology, and value-added reorganized core operation system, to precisely improve asset operation efficiency, enhance asset vitality, and assist infrastructure asset to realize its value and improve sustainably. The Group also makes use of the funds raised from asset securitization for asset re-investment and expansion and builds more high-level strategic partnerships for its principal business to realize the integration and enhancement of infrastructure asset resources with its partners.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2023, the Company bought back a total of 117,362,000 Shares on the Stock Exchange at an aggregate consideration of HK\$247,648,393.34. All such bought back Shares were subsequently cancelled.

Particulars of the Shares bought back during the period are set out below:

| Month        | Number of Shares bought back | Price paid per Share |               | Aggregate Consideration (HK\$) |
|--------------|------------------------------|----------------------|---------------|--------------------------------|
|              |                              | Highest (HK\$)       | Lowest (HK\$) |                                |
| March 2023   | 24,950,000                   | 2.00                 | 1.85          | 47,944,398.06                  |
| April 2023   | 28,012,000                   | 2.20                 | 2.02          | 60,922,430.38                  |
| May 2023     | 45,200,000                   | 2.30                 | 2.05          | 99,671,853.28                  |
| June 2023    | 19,200,000                   | 2.09                 | 1.97          | 39,109,711.62                  |
| <b>Total</b> | <b>117,362,000</b>           |                      |               | <b>247,648,393.34</b>          |

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the six months ended 30 June 2023.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2023, except with the deviation from code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Since Mr. Li Wei retired as an Executive Director and ceased to serve as the President (who has overall chief executive responsibility) of the Company after the conclusion of the annual general meeting held on 25 May 2023, the role of chief executive of the Company has been assumed by Mr. Zhao Tianyang, who is also the Chairman of the Board. The Board believes that the current Board structure, with the combined roles of the chief executive and the Chairman of the Board and a vast majority of Non-Executive and Independent Non-executive Directors, maintains consistency of strategic execution and stability of business operation of the Group as well as provides an effective check and balance of powers and authorizations between the Board and the management of the Company.

## APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our shareholders and potential investors for their trust and support to the Group. The Group will continue to enrich and innovate its own business models to enhance the FIME (which is defined as fundraising, investment, management and exit) value and be one of the leading infrastructure assets service providers who continuously enhances the operational efficiency of infrastructure as well as becomes the pioneer of REITs in China.

By order of the Board  
**Shoucheng Holdings Limited**  
**Zhao Tianyang**  
*Chairman*

Hong Kong, 28 August 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.*