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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)

DISCLOSEABLE TRANSACTION ESTABLISHMENT OF PARTNERSHIP

On 23 November 2023, Shoujing Investment, an indirect wholly-owned subsidiary of the Company, as the limited partner, entered into the Partnership Agreement with Sunshine Asset Management, as the limited partner (Shoujing Investment and Sunshine Asset Management collectively, the “**Limited Partners**” and each a “**Limited Partner**”), and Shoucheng Rongshi, an indirect wholly-owned subsidiary of the Company, as the general partner (the “**General Partner**”) (who will also act as the executive partner (the “**Executive Partner**”) and the manager (the “**Manager**”) of the Partnership), for the establishment of the Partnership.

The Partnership will be principally engaged in equity investments, investment management and asset management as a private equity fund in accordance with the requirements of the applicable laws and the provisions of the Partnership Agreement to achieve long-term investment returns for the Partners. The Partnership will target to primarily conduct direct or indirect equity investments in enterprises in the PRC. Such invested enterprises shall be suitable for the issuance of publicly offered REIT(s) in the infrastructure sector as well as asset securitization products developed in accordance with the rules promulgated by the financial administration authorities.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 5% and all of the applicable percentage ratios are less than 25%, the establishment of the Partnership constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 23 November 2023, Shoujing Investment, an indirect wholly-owned subsidiary of the Company, as the Limited Partner, entered into the Partnership Agreement with Sunshine Asset Management, as the Limited Partner, and Shoucheng Rongshi, an indirect wholly-owned subsidiary of the Company, as the General Partner, for the establishment of the Partnership.

The principal terms of the Partnership Agreement are set out below:

Establishment and Term of the Partnership

Shoujing Investment, Sunshine Asset Management and Shoucheng Rongshi (collectively, the “Partners” and each of them a “Partner”) agreed to jointly establish the Partnership by capital contribution in accordance with the terms of the Partnership Agreement and the applicable laws and regulations including 《中華人民共和國合夥企業法》 (the Partnership Enterprise Law of the People's Republic of China*) (the “Partnership Enterprise Law”). The establishment of the Partnership is subject to the approval of the relevant PRC government authorities.

The operation period of the Partnership shall be twenty (20) years from the date of incorporation of the Partnership (the “Operation Period”). Subject to the provisions in relation to the extension and early termination of the relevant term as stipulated in the Partnership Agreement, the initial term of existence of the Partnership shall be eight (8) years from the date of incorporation of the Partnership (the “Initial Term”). The Initial Term shall comprise (i) the first five (5) years being the investment period (the “Investment Period”) and (ii) the three (3) years from the expiry of the Investment Period being the initial exit period (the “Initial Exit Period”). Upon a decision at a meeting of all the Partners (“Partners’ Meeting”), the Initial Exit Period could be extended no more than twice, and each extension shall not exceed one (1) year (the “Extended Exit Period”). Unless adjusted by the General Partner according to the circumstances, the overall term of existence of the Partnership consisting of the Initial Term and the Extended Exit Period (where applicable) (the “Term of Existence”) shall not exceed the Operation Period.

The Subscribed Capital Contribution to the Partnership

The total registered capital contribution to the Partnership shall be no more than RMB5 billion, which shall be made by Shoucheng Rongshi, Sunshine Asset Management and Shoujing Investment in cash in RMB as follows:

	Amount to be contributed (RMB)	Percentage of interest in the Partnership	Nature of holding
Shoucheng Rongshi	5,000,000	0.10%	General Partner
Sunshine Asset Management ^{Note}	4,000,000,000	80.00%	Limited Partner
Shoujing Investment	995,000,000	19.90%	Limited Partner
Total	<u>5,000,000,000</u>	<u>100.00%</u>	

Note:

Sunshine Asset Management entered into the Partnership Agreement for and on behalf of an equity investment plan in which Sunshine Asset Management acts as a trustee, and will use the funds raised by such equity investment plan to contribute capital to the Partnership.

The capital contribution will be made in tranches at such time and in such amount as requested by the General Partner in accordance with the funding needs of the Partnership.

The amount of capital contribution to be made by the Partners was arrived at after arm's length negotiations among the Partners having taken into account the expected capital requirements of the Partnership. It is contemplated that the capital contribution payable by Shoujing Investment and Shoucheng Rongshi will be funded by internal resources of the Group.

Purpose and Investment Activities of the Partnership

The Partnership will be principally engaged in equity investments, investment management and asset management as a private equity fund in accordance with the requirements of the applicable laws and the provisions of the Partnership Agreement to achieve long-term investment returns for the Partners. The Partnership will target to primarily conduct direct or indirect equity investments in enterprises in the PRC. Such invested enterprises shall be suitable for the issuance of publicly offered REIT(s) in the infrastructure sector as well as asset securitization products developed in accordance with the rules promulgated by the financial administration authorities.

Conduct of Business and Management of the Partnership

Subject to the provisions of the Partnership Agreement, the General Partner is responsible for, among other things, the operation, management, control and decision-making of the Partnership. The General Partner shall also act as the Executive Partner to conduct the business of the Partnership in accordance with the Partnership Enterprise Law and the Partnership Agreement. In addition, the General Partner shall also act as the Manager who is responsible for the investment management and operation of the Partnership.

Management Fee

The General Partner shall be entitled to management fees (the “**Management Fee**”) from the date of incorporation of the Partnership to the expiry date of the Initial Term for acting as the Manager. The Management Fee shall be calculated at a rate of 0.51% per annum on the then remaining paid-in capital of a Partner for each charging period. No Management Fee shall be payable to the Manager during the Extended Exit Period (where applicable).

Investment Committee

An investment committee of the Partnership (the “**Investment Committee**”) to be responsible for considering and resolving for matters including but not limited to the establishment, investment, exit and personnel appointment of investment projects shall be established. The Investment Committee shall consist of three (3) members, two (2) out of the three (3) members of the Investment Committee shall be nominated by the General Partner and the remaining one (1) member of the Investment Committee shall be nominated by Sunshine Asset Management.

Requirements/Restrictions on Equity Interest Transfers

A Limited Partner other than an associate of the General Partner may transfer its equity interest in all or in part in the Partnership upon approval by the Executive Partner satisfying certain conditions and complying with the procedures as stipulated in the Partnership Agreement.

A Limited Partner who is an associate of the General Partner may transfer its equity interest in all or in part in the Partnership upon approval at a Partners' Meeting. While the General Partner is not permitted to transfer any of its equity interest in the Partnership to a third party unless

unanimously agreed by all the Partners or required after a change in applicable laws and regulatory policies.

In the case where a Limited Partner transfers its equity interest in all or in part in the Partnership, save and except for specific performance ordered by a people's court, none of the remaining Partners shall be entitled to any right of first refusal.

Income Distribution

(1) Operating Income of Investment Projects

With respect to the distributable income generated from the operating income from investment projects during the Term of Existence, the Manager shall distribute such distributable income to each Partner in accordance with its investment cost sharing ratio in the investment project (should there be any distribution in relation to disposal as mentioned in “(2) Proceeds from Disposal of Investment Projects” below during the period, such distribution shall be made with priority).

(2) Proceeds from Disposal of Investment Projects

With respect to the proceeds generated from the disposal of an investment project during the Term of Existence, the Manager shall distribute the distributable amount therefrom (after deducting the relevant taxes, expenses, liabilities and other obligations as stipulated in the Partnership Agreement) as follows (and in the following order):

- (i) to each Partner in accordance with its investment cost sharing ratio in the investment project until each Partner obtains its respective paid-in capital contribution amount;
- (ii) for any remaining distributable income, to each Partner in accordance with its investment cost sharing ratio in the investment project until each Partner obtains a prescribed annual rate of return to its respective paid-in capital contribution; and
- (iii) for any remaining distributable income, 14% of which shall be distributed to the General Partner, while the remaining 86% of which shall be distributed to all the Limited Partners in proportion to their respective paid-in capital contribution.

(3) Overall Income Adjustments

After the exit from all the investment projects by the Partnership, in the case where after making the income distribution as mentioned in “(1) Operating Income of Investment Projects” and “(2) Proceeds from Disposal of Investment Projects” above, the accumulated amount of investment returns received by any Limited Partner with respect to all of its paid-in capital contribution exceeds the prescribed overall investment return standards as stipulated in the Partnership Agreement (the “**Standard**”): (i) 21 % of the portion of the distributable income that is in excess of the Standard (the “**Excessive Return**”) shall be distributed to the General Partner; and (ii) the remaining 79% of the Excessive Return shall be distributed to the Limited Partner in proportion to their respective paid-in capital contribution.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The Company is committed to becoming an infrastructure assets service provider who continually enhances its operational efficiency. Through years of development, the Company has deployed large-scale infrastructure assets in fields such as car parking and industrial parks through the infrastructure investment fund model, and has adopted the “lean operation” concept to enhance asset efficiency and revenue levels. In terms of operating results, 驛停車（北京）投資管理有限公司 (E Park (Beijing) Investment Management Co., Ltd.*) (“**E Park**”) (a wholly-owned subsidiary of the Company), as a leading car parking asset management company in the PRC, is highly recognized by customers and serves a whopping number of 500 thousand vehicles daily during peak times. E Park has a leading edge in a number of subsectors and has successfully issued the first parking asset quasi-REITs structured asset securitization product in the market this year. When it comes to industrial park operation, the Company formally expanded into the field of industrial park refurbishment in 2018. The Chang’an Mills project in Shougang Park led by Shoucheng Rongshi made its debut at the Olympic Winter Games Beijing in 2022, and has since become one of the internet celebrity check-in spots and a new landmark of civil revitalization in Beijing. Vstartup, another joint venture that the Company has been nurturing for almost a decade, has now become a large-scale marketized space operator in the capital and is operating a one million-odd square meters property area in Beijing and serving over 18,000 enterprises.

The momentum of the thriving publicly offered infrastructure REITs market in the PRC provides development channels and exit gateways to the Company’s infrastructure assets under management, forming a two-wheel-driven business model and operating advantages of “FIME (which refers to fundraising, investment, management and exit) + Asset Operation”. On such basis, the Company has established a closed-loop of the entire ecological chain that adapts to the PRC’s economic development stage and industrial structure. Such ecological chain fully realized the integration of industry and financing of infrastructure assets through a four-step process: firstly, identifying and incubating high-potential projects through self-owned funds or establishment of funds; secondly, enhancing asset quality and operational efficiency through platform operation and management; thirdly, enabling the recoupment of funds through exits by way of marketization or publicly offered REITs; and finally, reinvesting via strategic placement of REITs.

The establishment of the Partnership reflects the full recognition of the Company's capabilities on precise industrial investments, lean operation and management, and mature and comprehensive exits, etc. by Sunshine Insurance Group Company Limited (“**Sunshine Insurance**”), an important strategic Shareholder and business partner of the Company. In view of the Company's extensive operation and management experience and resource integration abilities in the fields of car parking, industrial parks, rental flats, etc., the investment direction of the Partnership will also be deeply focused on the aforesaid types of directions, with synergistic co-operation among the Company's multiple business segments. Through the “four optimal” principles of “optimal region, optimal industry, optimal strategy and optimal project”, the Partnership will establish an investment portfolio that balances risk, return and growth, actively promote the acquisition of core assets, facilitate the integration of industrial resources, enhance the quality and efficiency of financial services to the real economy, and promote the high-quality development of infrastructure industry entities.

In the future, the Company will accelerate the creation of a leading REITs full-industry chain operation and development model to fully unleash the Company's two core capabilities of FIME and asset operation and will make use of fund investment to integrate industrial resources, enhance asset value, and realise the return of asset value through exits by way of marketization or public offering of REITs. This will enable the Company to rapidly develop a stronger strategic edge in improving and upgrading the PRC's infrastructure assets and cement its industry position as a REITs leader in the country, and to continue unleashing the Group's operational efficiencies, bringing sizable returns to its investors.

The Directors (including the independent non-executive Directors) consider that the Partnership Agreement has been entered into after arm's length negotiations among the Partners and based on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE PARTNERSHIP AGREEMENT

The Group is principally engaged in infrastructure asset management.

Shoujing Investment, an indirect wholly-owned subsidiary of the Company, is a company established in the PRC with limited liability and is principally engaged in investment.

Sunshine Asset Management is a joint stock company established in the PRC with limited liability and is principally engaged in conducting the business of utilization of insurance funds within the Sunshine Insurance group, and at the same time is actively conducting third-party asset management business. As at the date of this announcement, Sunshine Asset Management is directly and indirectly held as to approximately 80% by Sunshine Insurance, a joint stock company incorporated in the PRC with limited liability and the H shares of which are listed on the main board of the Stock Exchange (stock code: 06963).

Shoucheng Rongshi, an indirect wholly-owned subsidiary of the Company, is a company established in the PRC with limited liability and is principally engaged in the provision of private fund management services in the PRC.

As at the date of this announcement, Sunshine Asset Management is directly and indirectly held as to approximately 80% by Sunshine Insurance, and Sunshine Insurance holds approximately 7.14% of the issued ordinary shares of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Sunshine Asset Management and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 5% and all of the applicable percentage ratios are less than 25%, the establishment of the Partnership constitutes a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors;
“Company”	Shoucheng Holdings Limited (stock code: 00697), a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Partner(s)”	the partners of the Partnership, being Shoujing Investment, Sunshine Asset Management and Shoucheng Rongshi, each a “ Partner ”;
“Partnership”	the limited partnership (proposed name: 北京首程城市發展基礎設施投資基金（有限合夥）(Beijing Shoucheng Urban Development Infrastructure Investment Fund (Limited Partnership)*)) to be established in the PRC pursuant to the terms of the Partnership Agreement and the applicable laws and regulations, which is subject to the approval of the relevant PRC government authorities;
“Partnership Agreement”	the partnership agreement in relation to the establishment of the Partnership dated 23 November 2023 among Shoujing Investment, Sunshine Asset Management and Shoucheng Rongshi;
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan;
“REIT(s)”	real estate investment trust(s);
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

“Shoucheng Rongshi”	首程融石(北京)基金管理有限公司 (Shoucheng Rongshi (Beijing) Fund Management Co., Ltd.*), a limited liability company established in the PRC and is indirectly wholly-owned by the Company;
“Shoujing Investment”	北京首景投資有限公司 (Beijing Shoujing Investment Co., Ltd.*), a limited liability company established in the PRC and is indirectly wholly-owned by the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sunshine Asset Management”	陽光資產管理股份有限公司 (Sunshine Asset Management Corporation Limited*), a joint stock company established in the PRC with limited liability; and
“%”	per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 23 November 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*