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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 THE OPERATING RIGHTS TRANSFER AGREEMENT

On 25 December 2023, E Park (a wholly-owned subsidiary of the Company) and Baiyun Airport Ltd entered into the Operating Rights Transfer Agreement with respect to parking business, pursuant to which Baiyun Airport Ltd agreed to transfer the operating rights of the parking business in Terminal 1 (T1+T2) of Guangzhou Baiyun International Airport to E Park for a term of 8 years commencing from 1 January 2024 to 31 December 2031, and E Park agreed to pay the Fees to Baiyun Airport Ltd.

Both parties agreed that E Park shall establish a wholly-owned subsidiary as a project company and enter into the Cooperation Agreement with Baiyun Airport Ltd and E Park, enabling the Project Company to join as one of the contracting parties to the Operating Rights Transfer Agreement. Pursuant to which E Park shall irrevocably assign all of its rights under the Operating Rights Transfer Agreement to the Project Company solely and bears joint and several liability for the relevant provisions of the Operating Rights Transfer Agreement with the Project Company.

Pursuant to HKFRS16, in light of the entering into of the Operating Rights Transfer Agreement as a lessee by E Park, the Group shall start to recognize a right-of-use asset in its consolidated financial statements from the financial year beginning 1 January 2024, during which the transfer of the Operating Rights takes effect, for an initial estimated value of approximately RMB543,129,619 (approximately HK\$597,442,581).

As the applicable percentage ratios in respect of the transfer of Operating Rights under the Operating Rights Transfer Agreement exceed 5% but are less than 25%, the transfer of the Operating Rights constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 25 December 2023, E Park (a wholly-owned subsidiary of the Company) and Baiyun Airport Ltd entered into the Operating Rights Transfer Agreement with respect to the parking business. The Project covers the parking business of Terminal 1 (T1 + T2) of Guangzhou Baiyun International Airport, including mainly the parking area within the scope of the parking buildings (lots) (except for those reserved) and employee parking areas (the “**Designated Areas**”). The Project covers an area of approximately 490,000 square meters and a total of 10,407 car parks, for a term of 8 years commencing from 1 January 2024, and E Park agreed to pay the Fees to Baiyun Airport Ltd.

To facilitate the transfer of the Operating Rights, both parties agreed that E Park shall establish a wholly-owned subsidiary as a project company for entering into the Cooperation Agreement with Baiyun Airport Ltd and E Park, enabling the Project Company to join as one of the contracting parties to the Operating Rights Transfer Agreement and hence, the Cooperation Agreement constitutes a part of the Operating Rights Transfer Agreement. Pursuant to which E Park shall irrevocably assign all of its rights under the Operating Rights Transfer Agreement to the Project Company solely and bears joint and several liability for the relevant provisions of the Operating Rights Transfer Agreement with the Project Company.

OPERATING RIGHTS TRANSFER AGREEMENT

The key terms of the Operating Rights Transfer Agreement are as follows:

Date

25 December 2023

Parties

- (1) E Park (as transferee and lessee); and
- (2) Baiyun Airport Ltd (as transferor and lessor).

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Baiyun Airport Ltd and its ultimate beneficial owner are Independent Third Parties.

Operation and Management of the Project

The Operating Rights Transfer Agreement specifies that the Project Company has the Operating Rights of the Designated Areas within the parking buildings of Guangzhou Baiyun International Airport. In the Designated Areas, the Project Company shall provide services ranging from parking building management and fee charging businesses, development and management of parking value-added business, and parking building renewal and renovation services within the Designated Areas.

Term of transfer of the Operating Rights

The term of the transfer of the Operating Rights of the Project shall be 8 years, commencing from 1 January 2024.

Fees

The Fees payable by E Park to Baiyun Airport Ltd per year during the term of the transfer of the Operating Rights comprise the following:

	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2031
	<i>RMB (approximately HK\$)</i>	<i>RMB (approximately HK\$)</i>
(i) Operating Rights Guaranteed Transfer Fee	136,500,000 <i>(150,150,000)</i>	Adjustment in accordance with the adjustment mechanism for the Operating Rights Guaranteed Transfer Fee based on passenger throughput and annual parking revenue as agreed in the Operating Rights Transfer Agreement.
(ii) Excess Operating Revenue Sharing	When the actual operating revenue is higher than the benchmark operating revenue as agreed in the Operating Rights Transfer Agreement, payment shall be made in accordance with the revenue sharing ratio as agreed in the Agreement.	

The Operating Rights Guaranteed Transfer Fee of the Project shall be prepaid on a yearly basis. The first instalment of the Operating Rights Guaranteed Transfer Fee shall be payable by E Park after the execution of the Operating Rights Transfer Agreement by both parties.

Both parties shall complete the reconciliation of the annual operating revenue after the end of each cycle year. If E Park's obligation of paying the Excess Operating Revenue Sharing is triggered, E Park shall pay the share of the excess operating revenue to Baiyun Airport Ltd.

The Fees were determined with reference to, among other things, the benchmark value of the revenue from the parking business announced by Baiyun Airport Ltd (i.e. RMB195.99 million) and after taking into account factors such as the standard of parking fees for the Project, the passenger throughput, the expected growth and operation cost etc. The Fees will be financed by the internal resources of the Group.

Based on the aforementioned basis of fee pricing and the Operating Rights Transfer Agreement was entered into in the ordinary and usual course of the Group's business, the Board considers

that the Fees under the Operating Rights Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Security Deposit

After the execution of the Operating Rights Transfer Agreement, E Park shall pay Baiyun Airport Ltd a total of RMB13.65 million (equivalent to approximately HK\$15.01 million) as security deposit. The security deposit shall be used to ensure the performance of the Agreement.

Cooperation Agreement

To facilitate the transfer of the Operating Rights, both parties agreed that E Park shall establish a wholly-owned subsidiary as a project company for entering into the Cooperation Agreement with Baiyun Airport Ltd and E Park, enabling the Project Company to join as one of the contracting parties to the Operating Rights Transfer Agreement and hence, the Cooperation Agreement constitutes a part of the Operating Rights Transfer Agreement. Pursuant to which E Park shall irrevocably assign all of its rights under the Operating Rights Transfer Agreement to the Project Company solely and bears joint and several liability for the relevant provisions of the Operating Rights Transfer Agreement with the Project Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE OPERATING RIGHTS TRANSFER AGREEMENT

The Group is committed to becoming a continuous improver and service provider of infrastructure assets. Through years of development, the Group has deployed large-scale infrastructure assets in areas such as parking buildings and industrial parks etc., and has helped to improve asset efficiency and revenue by applying lean operation concept. In terms of business performance, as a leading parking asset management company in the PRC, E Park is well recognized by its customers with a daily peak of 500,000 vehicles in service and a leading position in several segments.

Winning the tender for the Project has further enhanced the Group's asset management scale, consolidated the Group's key position in the airport parking sector in first-tier cities such as Beijing, Shanghai and Guangzhou, and increased the Group's key projects in major transportation hubs, which represents the Group's brand and operational service capabilities in airport parking asset operation and reinforces the Group's leading position in the airport parking sector.

Guangzhou Baiyun International Airport is located in the northern part of Guangzhou City, approximately 28 kilometers from Guangzhou city centre. It is a Class 4F civil international airport and has been ranked No. 1 in terms of passenger throughput in the PRC for three consecutive years since 2020. There are a total of 10,407 car parking spaces at the Project. The parking buildings of the Project will be fully operated by the Group and will generate parking revenue. The Group will increase the revenue of the Project by means of traffic diversion and development of new businesses, and reduce the operating costs of the Project by means of energy-saving renovation and technological empowerment to further enhance the overall operating revenue of the Project.

Guangzhou plays a central role in the Greater Bay Area of Guangdong, Hong Kong and Macao. Relying on the Group's rich project experience in airport parking and its professional, digital and standardized asset operation capabilities, the Group will take this cooperation as an opportunity to continue to cultivate infrastructure parking assets in the Greater Bay Area and to further enhance the Group's business synergies in the Greater Bay Area.

The Group will adhere to the mission of "revitalising assets and enhancing efficiency for customers, and providing leading infrastructure real estate management services for the community", continue to explore and cultivate high-quality underlying assets represented by parking buildings and industrial parks with its mature asset management experience, and assist in the continuous enhancement of the quality of the assets with its platform operation and management to construct the "FIME + asset operation" platform. The business injects strong endogenous energy for asset value reshaping, and opens up asset exit channels through asset securitization and other channels to realize a closed business loop.

The Directors (including the independent non-executive Directors) consider that the entering into of the Operating Rights Transfer Agreement is in the overall interests of the Group and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in infrastructure asset management.

E Park, a wholly-owned subsidiary of the Company, is principally engaged in parking business in the PRC.

INFORMATION OF THE PROJECT COMPANY

The Project Company, a special vehicle for the Project established by E Park in the PRC, the 100% equity interests in which is owned by E Park, and is an indirect wholly-owned subsidiary of the Company. The establishment of which is with the consent of Baiyun Airport Ltd and is for the operation and management of the parking buildings of the Project.

INFORMATION OF THE BAIYUN AIRPORT LTD

Baiyun Airport Ltd is a professional company registered in the PRC to operate airports, which provides diversified relevant services for airlines, passengers and cargo-owners, mainly engaging in aviation ground support industry, aviation transportation service industry, aviation security industry, terminal property, terminal commerce, catering, advertising, equipment maintenance industry etc. The shares of Baiyun Airport Ltd are listed on Shanghai Stock Exchange under the stock code 600004.SH.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Baiyun Airport Ltd and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS16, in light of the entering into of the Operating Rights Transfer Agreement as a lessee by E Park, the Group shall recognize a right-of-use asset in its consolidated financial statements from the financial year beginning 1 January 2024, during which the transfer of the Operating Rights takes effect, for an initial estimated value of approximately RMB543,129,619 (equivalent to approximately HK\$597,442,581), which is calculated with reference to the present value of the Operating Rights Guaranteed Transfer Fees to be made under the Operating Rights Transfer Agreement. The entering into of the Operating Rights Transfer Agreement has no financial impact for the financial year ended 31 December 2023.

As the applicable percentage ratios in respect of the transfer of Operation Rights under the Operating Rights Transfer Agreement exceed 5% but are less than 25%, the transfer of the Operating Rights constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and shall be subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules.

Interpretation

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

“Baiyun Airport Ltd”	廣州白雲國際機場股份有限公司 (Guangzhou Baiyun International Airport Co., Ltd.*), (the shares of which are listed on Shanghai Stock Exchange under the code 600004.SH), a joint stock company incorporated in the PRC;
“Board”	The board of directors of the Company;
“Company”	Shoucheng Holdings Limited (stock code: 697), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange;
“Cooperation Agreement”	the cooperation agreement to be entered into among E Park, Baiyun Airport Ltd and the Project Company in relation to the Project, whereby the Project Company becomes a party to the Operating Rights Transfer Agreement;
“Directors”	the directors of the Company;

“E Park”	驛停車（北京）投資管理有限公司 (E Park Investment Management Co., Ltd.*), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company;
“Excess Operating Revenue Sharing”	when the actual operating revenue is higher than the benchmark operating revenue as agreed in the Operating Rights Transfer Agreement, E Park shall be required to share, the excess revenue in accordance with the revenue sharing ratio as agreed in the Operating Rights Transfer Agreement;
“Fees”	the fees payable by E Park to Baiyun Airport Ltd under the Operating Rights Transfer Agreement, comprising the Operating Rights Guaranteed Transfer Fee and Excess Operating Revenue Sharing;
“Group”	The Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HKFRS”	Hong Kong Financial Reporting Standards;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Independent Third Parties”	third parties independent of the Company and connected persons of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Operating Rights”	the rights of the Project Company to operate and manage the entire operation of the parking business in Terminal 1 (T1 + T2) of Guangzhou Baiyun International Airport and to receive revenue within a designated period pursuant to the terms of the Operating Rights Transfer Agreements;
“Operating Rights Guaranteed Transfer Fee”	the operating rights guaranteed transfer fee payable by E Park to Baiyun Airport Ltd pursuant to the Operating Rights Transfer Agreement;

“Operating Rights Transfer Agreement” or “Agreement”	the operating rights transfer agreement dated 25 December 2023 entered into between E Park and Baiyun Airport Ltd in relation to the Project;
“Project”	the transfer of the Operating Rights of the entire operation of the parking business in Terminal 1 (T1 + T2) of Guangzhou Baiyun International Airport;
“Project Company”	廣州航驛停車場管理有限公司(Guangzhou Aviation E Park Building Management Co., Ltd.*), a wholly-owned subsidiary of E Park established as a project company of this Project in accordance with the Operating Rights Transfer Agreement;
“PRC”	the People's Republic of China, for the purpose of this Announcement only, excluding Hong Kong, Macao Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 27 December 2023

As at the date of this announcement, the Board comprises Mr. Wu Lishun, Mr. Li Hao (Vice Chairman), Mr. Peng Jihai, Mr. Ho Gilbert Chi Hang and Mr. Liu Jingwei as Non-executive Directors; Mr. Zhao Tianyang (Chairman) and Mr. Xu Liang as 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 the purpose of this announcement, the applicable exchange rate of RMB 1 = HKD 1.10 (if applicable) is for illustrative purposes only and does not constitute a representation that any amount has been, should be, or can be converted at that exchange rate or any other exchange rate.

**For identification purposes only*