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**首程控股有限公司**  
**SHOUCHENG HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 697)

**CONTINUING CONNECTED TRANSACTION  
PROPERTY SERVICES FRAMEWORK AGREEMENT**

**PROPERTY SERVICES FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 20 May 2024, Shougang Fund entered into the Property Services Framework Agreement with Property Company (an indirect non-wholly owned subsidiary of the Company). Pursuant to which, Property Company has agreed to provide property services to the project properties owned or operated by Shougang Fund and/or its associates during the Term.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shougang Group is a substantial shareholder of the Company. As Shougang Fund is a wholly-owned subsidiary of Shougang Group, i.e. an associate of Shougang Group, Shougang Fund is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Property Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 0.1% but are less than 5%, the Property Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**INTRODUCTION**

The Board is pleased to announce that on 20 May 2024, Shougang Fund entered into the Property Services Framework Agreement with Property Company (an indirect non-wholly owned subsidiary of the Company). Pursuant to which, Property Company has agreed to provide property services to the project properties owned or operated by Shougang Fund and/or its associates during the Term.

**PRINCIPAL TERMS OF THE PROPERTY SERVICES FRAMEWORK AGREEMENT**

***Date***

20 May 2024

### ***Parties***

1. Shougang Fund; and
2. Property Company

### ***Scope of services***

Property Company will provide basic property services such as customer service, security and order maintenance, operation and maintenance of equipment and facilities, environmental management, energy management and etc., and other related contractual or value-added services (“**Property Services**”) to the project properties owned or operated by Shougang Fund and/or its associates. Without prejudice to the terms of the Property Services Framework Agreement, specific details of the services will be set out in the individual agreements to be separately entered into by the parties, provided that such individual agreements are entered into on normal commercial terms or on terms more favorable to Property Company.

### ***Term***

Commencing on 20 May 2024 and expiring on 31 December 2026 (both days inclusive)

### ***Termination***

The Property Services Framework Agreement may be terminated for the following reasons:

1. the parties jointly terminate the agreement in writing;
2. either party to the agreement is unable to continue to perform the agreement due to closure of its business;
3. either party to the agreement has been seized or ordered to close down by a competent court or relevant governmental authority due to material breach of laws or regulations, and is unable to continue to perform the agreement;
4. either party to the agreement is declared bankrupt; or
5. either party to the agreement is incapacitated by force majeure from continuing to perform the agreement.

If a party breaches the terms of the Property Services Framework Agreement and fails to rectify its breach within 15 days after receiving the non-breaching party’s written notice in relation to the breach, the non-breaching party may immediately notify the breaching party in writing to terminate the Property Services Framework Agreement. The Property Services Framework Agreement shall terminate immediately upon delivery of the termination notice to the breaching party.

### ***Property Service Fee payment and pricing basis***

1. For the Property Services of a complete project, the users of the project properties will normally pay the Property Service Fee directly to Property Company, and the surplus or loss of the specific project is enjoyed or borne by Property Company. The specific property fee standard (“**Property Fee Standard**”) is formulated by Property Company on the basis of cost calculations (including labor, energy, material costs etc) and in consideration of a certain profit margin (usually ranging from 5% to 15%) according to the type of property (distinguishing between industrial, commercial, apartments etc) and service standards of the specific project,

with reference to quotations provided by at least three independent third parties providing property services of the same type of property within a 15-kilometre radius of the project property. If the project to be undertaken by Property Company does not reach the break-even point (i.e. the occupancy rate of the project property is insufficient for Property Company to cover its costs of providing the corresponding Property Services in terms of Property Service Fee charged from the users of the project property), Shougang Fund and/or its associates agree to pay Property Company a certain amount of fee to make up for the shortfall (the “**Vacancy Fee**”) to maintain the normal operation of the project property, which will be calculated on the basis of vacant area X Property Fee Standard X discount percentage (estimated to range from 50% to 75%, usually depending on the vacant area, the larger the vacant area, the higher the discount percentage), which is subject to negotiation between the parties based on the actual operating conditions of the project.

2. Shougang Fund and/or its associates may also, as the lessee of the project property, be required to pay the Property Service Fee under normal standard to Property Company, which is determined by the Property Service Standard of the specific project and the area of the property used by Shougang Fund and/or its associates. Property Service Fee under normal standard = Property Fee Standard X billing period X property area of the specific project.
3. Where Property Company provides pre-delivery services and other incidental contractual or value-added services to Shougang Fund and/or its associates, the specific fees shall be determined by the parties in accordance with the cost of manpower input (which shall be calculated on the basis of the length of time for the provision of the services by the type of manpower involved in the provision of the services) and market standards (which shall be determined with reference to quotations provided by at least three independent third parties providing similar pre-delivery services and other incidental contractual or value-added services within a 15-kilometre radius of the project property).

The pricing basis of the Property Service Fee was determined after arm’s length negotiation between Shougang Fund and Property Company, taking into account market competition and demand, relevant terms not less favorable to Property Company as compared with those available to independent third parties and connected parties of Shougang Fund, and having considered Property Company’s resource capabilities and the long-term cooperation between both parties.

Property Company and Shougang Fund and/or its associates will enter into an individual agreement for each of the services, setting out the specific scope of services, the fee rates, the payment terms and the terms and conditions, which shall be determined after arm’s length negotiation between the parties on normal commercial terms and in accordance with the Property Services Framework Agreement. Shougang Fund and/or its associates shall pay the Property Service Fee to Property Company in accordance with the payment terms (usually within 10-30 working days after the fulfilment of the agreed payment terms) and in the payment method (usually by bank transfer) as agreed in the individual agreements to be separately entered into by the parties.

#### ***Periodic/annual caps and basis of determination***

There is no historical transaction amount for the Property Services transactions contemplated under the Property Services Framework Agreement.

The amount of the Property Service Fee for the period/years paid by Shougang Fund and/or its associates to Property Company during the Term shall not exceed the following caps:

Period/Year	From 20 May 2024 to 31 December 2024 (RMB)	For the year ending 31 December 2025 (RMB)	For the year ending 31 December 2026 (RMB)
Proposed Caps	13,700,000	40,000,000	38,000,000

The project properties under the Property Services Framework Agreement are located in western region of Beijing, the PRC, and the types of properties include industrial properties, commercial properties and apartments etc. Therefore, there is an ongoing demand for Property Services during the Term. The proposed caps of the Property Service Fee are determined by Property Company and Shougang Fund, taking into account (i) such ongoing demand; (ii) the area of the properties having been delivered and currently in the investment promotion period (approximately 80,000 square meters) and the area of the properties currently under construction which are expected to be delivered during the Term and will gradually enter the investment promotion period (approximately 220,000 to 320,000 square meters); (iii) the scope and standard of the Property Services to be provided; (iv) the expected manpower cost for the provision of Property Services (including the remuneration and benefits of security guards, cleaning staff, customer services, engineering and other personnel (which has been agreed by the parties to be determined on the basis of the standard to be adopted in 2024, taking into account the increase in cost inflation) together with the total cost of the water and electricity charges and energy consumption charges and etc. to be involved during the Term; (v) it is expected that the project will gradually enter into a stable operation period by the end of 2026 and the vacancy rate of the project property will be reduced, which will lead to a reduction in the Vacancy Fees; and (vi) with reference to the quotations provided by at least three independent third parties providing similar Property Services within a 15-kilometre radius of the project property, which will be determined after mutual agreement and confirmation by the parties.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the above mentioned proposed caps are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **INTERNAL CONTROL**

The internal control measures on determining the Property Fee Standard are as follows:

Property Company will enter into individual agreements with Shougang Fund and/or its associates as and when necessary. Prior to entering into the individual agreements, the business operation department of the Company will verify (or obtain) and compare the fee rates for similar service and the corresponding levels of service content provided by other independent service providers to ensure that the Property Service Fee charged under the Property Services Framework Agreement are not inferior to the quoted rates of other similar service providers in terms of the service content provided to the Group. At the same time, the business operation department of the Company will keep track of the provision of service and the fee collection from time to time to ensure that the interests of the Group will not be jeopardized.

The internal control measures on monitoring the proposed caps in relation to the Property Services are as follows:

1. The Company's finance department regularly monitors the aggregate amount of continuing connected transactions in relation to the Property Services under the Property Services Framework Agreement. In the event that the fees incurred and to be incurred for such Property Services are expected to reach the proposed caps, the Company's finance department will follow up immediately by reporting and providing a response to the Company's management. If there

is a need to revise the proposed caps, details will be reported to the Board and a Board meeting will be convened to consider the relevant matters to ensure compliance with the requirements of the Listing Rules; and

2. The independent non-executive Directors and auditor of the Company will conduct an annual review of the continuing connected transactions entered into by the Group in the previous financial year and provide annual confirmation as required under the Listing Rules to ensure that the continuing connected transactions were conducted in accordance with the terms of the Property Services Framework Agreement and other relevant terms of agreements governing such transactions and on normal commercial terms, and are fair and reasonable and in compliance with the pricing policy and the proposed caps.

## **REASONS FOR AND BENEFITS OF THE PROPERTY SERVICES FRAMEWORK AGREEMENT**

The Group strives to be a continuous improver and service provider of infrastructure assets, providing asset holders with full-cycle asset operation services and continuously building a benchmark enterprise of infrastructure asset services. Currently, the Group has managed a number of real estate projects located in New Shougang High-end Industrial Comprehensive Service Park\* (新首鋼高端產業綜合服務區) and other industrial parks through various investment modes, and has accumulated rich experience in the design, construction, investment promotion and operation of these projects. The Group's asset operation and management capabilities have received unanimous praise from its partners and investors, and the Group will continue to focus on improving the quality and performance of its operations, and fully explore and release the value attributes of its assets.

Property Company is a joint venture between the Group and China World Property & Hotel Management Limited (“**China World Property**”) focusing on property management business. Relying on the Group's leading infrastructure real estate management service capability and the mature property service experience of China World Property, Property Company further extends the service chain of the Group's assets under management and holdings, and builds up a closed-loop “begin with the end” asset management, so as to strengthen and reinforce the Group's asset operation capability.

The undertaking of Property Services for the projects of Shougang Fund and its associates in western region of Beijing is the first step of the Group's active exploration in the field of property services, which is conducive to the continuous improvement of the quality of project services and the enhancement of the operating income of the projects under its management, as well as the achievement of multiple benefits in terms of Property Service Fee, fund management fees and value-added from the exit of the assets. At the same time, it will complement the last link in the Group's asset management full chain of services, strengthen the Group's ability to provide one-stop solutions for asset holders throughout the entire cycle, enhance the Group's core competitiveness to expand outward to undertake more projects, further promote the Group's long-term development and progress in the scale and capability of infrastructure asset operations, and provide better returns for investors and the Group.

In view of the above reasons, the Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the Property Services Framework Agreement and the transactions contemplated thereunder are fair and reasonable, are entered into on normal commercial terms or better in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### ***The Company***

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

### ***Property Company***

Property Company is a company incorporated under the laws of the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company, which is indirectly held as to 60% by the Company, and the remaining 40% is directly held by China World Property (an independent third party, directly held as to 95% by China World Trade Center Co., Limited (Stock Code: 600007.SH), which is principally engaged in the leasing and management of investment properties such as offices, shopping malls, apartments and hotel operation, etc., the remaining 5% is directly held by China World Trade Center Limited, the controlling shareholder of China World Trade Center Co., Limited, which is principally engaged in the offices and building management services and etc.). It is principally engaged in property management and etc.

### ***Shougang Group***

Shougang Group is a state-owned enterprise established in the PRC and a substantial shareholder of the Company. It is ultimately owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government. It is principally engaged in a wide variety of businesses such as steel industry, mining, machinery and equipment development, electronics, building, real estate, and related services, etc.

### ***Shougang Fund***

Shougang Fund is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Shougang Group. It is principally engaged in investment activities with its own funds and equity investment, investment management and asset management activities with private equity funds.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shougang Group is a substantial shareholder of the Company. As Shougang Fund is a wholly-owned subsidiary of Shougang Group, i.e. an associate of Shougang Group, Shougang Fund is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Property Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 0.1% but are less than 5%, the Property Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Zhao Tianyang and Mr. Xu Liang, by virtue of their connection with Shougang Group, have abstained from voting on the Board resolutions proposed to approve the Property Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Property Services Framework Agreement and the transactions contemplated thereunder and therefore none of the Directors has been required to abstain from voting on the relevant Board resolutions.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“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 main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	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;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Property Company”	Beijing Shoucheng World Trade Property Management Co., Ltd.* (北京首程國貿物業管理有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;
“Property Service Fee”	fees payable by Shougang Fund and/or its associates to Property Company for the provision of property services by Property Company under the Property Services Framework Agreement, including the Vacancy Fee and other service fee and etc.;
“Property Services Framework Agreement”	the property services framework agreement entered into between Shougang Fund and Property Company on 20 May 2024;
“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);
“Shougang Fund”	Beijing Shougang Fund Co., Ltd.* (北京首鋼基金有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shougang Group;

“Shougang Group”	Shougang Group Co., Ltd.* (首鋼集團有限公司), a state-owned enterprise established in the PRC and a substantial shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Term”	the term commencing from 20 May 2024 and ending on 31 December 2026 (both days inclusive); and
“%”	per cent.

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

Hong Kong, 20 May 2024

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