首程控股
SHOUCHENG HOLDINGS

首程控股有限公司
SHOUCHENG HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 697)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

– The Group recorded revenue of HK$883 million as compared to the revenue of HK$1,600 million of last year.

– The Group recorded profit attributable to owners of the Company of HK$404 million as compared to the profit attributable to owners of the Company of HK$922 million of last year.

– The basic and diluted earnings per share for the year were HK5.57 cents as compared to the basic and diluted earnings per share of HK12.97 cents last year.

The Board has recommended to declare a final dividend in the total amount of HK$161 million for the year ended 31 December 2023 (2022: HK$400 million).

The Board declared an interim dividend of HK$243 million.

HK$243 million has been declared and HK$161 million has been recommended to declare, a total of HK$404 million for the year ended 31 December 2023.

The board of directors (the "**Board**") of Shoucheng Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 with comparative figures for the year ended 31 December 2022. These final results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*3*	**883,478**	1,599,809
Cost of sales		**(523,759)**	(535,391)
Gross profit		**359,719**	1,064,418
Other income		**458,066**	480,511
Other gains, net		**128,496**	194,354
Provision for impairment loss for trade receivables		**(11,279)**	(14,600)
Administrative expenses		**(299,979)**	(378,568)
Operating profit		**635,023**	1,346,115
Finance costs		**(105,689)**	(102,356)
Share of results of associates		**(31,502)**	499
Share of results of joint ventures		**(31,381)**	(60,820)
Profit before income tax		**466,451**	1,183,438
Income tax expense	*4*	**(6,906)**	(269,091)
Profit for the year		**459,545**	914,347
Profit/(loss) is attributable to:			
Owners of the Company		**403,565**	922,010
Non-controlling interests		**55,980**	(7,663)
		459,545	914,347

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	**2023** **HK$'000**	2022 *HK$'000*
Other comprehensive (loss)/income			
Items that have been/may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(116,134)**	(215,479)
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		**(21,288)**	(71,027)
Item that will not be reclassified to profit or loss:			
Exchange differences arising on currency translation		**(9,002)**	(8,045)
Fair value changes on financial assets at fair value through other comprehensive income ("**FVOCI**")		**277,876**	76,145
Other comprehensive income/(loss) for the year		**131,452**	(261,024)
Total comprehensive income for the year		**590,997**	653,323
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**544,019**	669,031
Non-controlling interests		**46,978**	(15,708)
		590,997	653,323
Earnings per share for profit attributable to the owners of the Company:			
Basic earnings per share *(HK cents)*	*5*	**5.57**	12.97
Diluted earnings per share *(HK cents)*	*5*	**5.57**	12.97

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**108,069**	22,939
Right-of-use assets		**1,823,259**	2,051,682
Contract assets in respect of service concession arrangements		**114,664**	209,368
Investment properties		**841,226**	615,579
Investments in associates		**241,364**	163,790
Investments in joint ventures		**560,605**	650,204
Investments – non-current		**3,454,413**	3,490,102
Prepayments and deposits		**173,854**	167,162
Deferred income tax assets		**30,497**	5,291
Other non-current assets		**530,288**	403,233
Total non-current assets		**7,878,239**	7,779,350
Current assets			
Trade receivables	*6*	**203,648**	355,961
Prepayments, deposits and other receivables		**253,075**	300,936
Investments – current		**1,173,636**	1,495,605
Time deposits with maturity over three months		**1,751,346**	150,654
Bank balances and cash		**2,262,573**	3,573,685
Total current assets		**5,644,278**	5,876,841
Total assets		**13,522,517**	13,656,191
EQUITY			
Capital and reserves			
Share capital	*8*	**12,994,847**	12,546,847
Reserves		**(3,071,495)**	(2,619,258)
Capital and reserves attributable to owners of the Company		**9,923,352**	9,927,589
Non-controlling interests		**117,383**	96,470
Total equity		**10,040,735**	10,024,059

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings – non-current		**452,280**	465,572
Bond payable – non-current		**183,786**	-
Lease liabilities – non-current		**1,314,432**	1,448,146
Deferred income tax liabilities		**105,590**	160,013
Financial liabilities at fair value through profit or loss – non-current		**92,519**	87,461
Total non-current liabilities		**2,148,607**	2,161,192
Current liabilities			
Trade payables	*7*	**485,585**	353,950
Other payables, provision and accrued liabilities		**181,214**	273,174
Contract liabilities		**58,599**	22,517
Financial liabilities at fair value through profit or loss – current		**292,423**	925
Tax payable		**79,540**	137,716
Borrowings – current		**157,131**	581,821
Lease liabilities – current		**78,683**	100,837
Total current liabilities		**1,333,175**	1,470,940
Total liabilities		**3,481,782**	3,632,132
Total equity and liabilities		**13,522,517**	13,656,191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and requirements of the Hong Kong Companies Ordinance (Cap. 622 of the laws of Hong Kong). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and liabilities measured at fair value (including derivative instruments).

The financial information relating to the years ended 31 December 2022 and 2023 included in this preliminary announcement of annual results 2023 does not constitute the Company's statutory annual consolidated financial statements for those years 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 Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

- Insurance Contracts – amendments to HKFRS 17
- Definition of Accounting Estimates – amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – amendments to HKAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to HKAS 12
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

Excepted as stated below, the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(a) New and amended standards adopted by the Group (Continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition, such as leases and decommissioning liabilities. Entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions. The amendments are applied prospectively to transactions that occur on or after the beginning of the earliest comparative period presented with any cumulative effect recognised as an adjustment to retained earnings or other component of equity at that date.

Following the adoption of the amendments, the Group would recognise a separate deferred tax assets arising from the lease liabilities and a deferred tax liability arising from the right-of-use assets. However, as these new deferred tax assets and liabilities qualify for offsetting in accordance with HKAS 12, there was no impact on the consolidated financial statements of the Group, except for the disclosure of the deferred tax assets and liabilities to the consolidated financial statements.

(b) New and amended HKFRSs issued but not yet effective

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale Or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3. REVENUE AND SEGMENT INFORMATION

The Group has been principally engaged in infrastructure assets management business.

Revenue recognised during the years are as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue recognised under HKFRS 15:		
Operation service income	**554,752**	386,737
Construction revenue from service concession agreement	**48,706**	124,594
Fund management services income	**183,032**	186,833
Excess returns from investment funds	**194,931**	515,489
	981,421	1,213,653
Revenue recognised under other accounting standards:		
Leasing income	**54,672**	71,613
Investment (loss)/gain on financial assets at fair value through profit or loss ("**FVPL**")	**(152,615)**	314,543
Total revenue	**883,478**	1,599,809

	2023	2022
	HK$'000	*HK$'000*
Timing of revenue recognition		
– Overtime	**981,421**	1,213,653

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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. No operating segment identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

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 consolidated financial statements.

The non-current assets, operations and substantially all of the customers are located in China which is the country of domicile of the relevant entities of the Group. Accordingly, no further analysis of revenue from external customers and non-current assets by geographical location is presented.

Revenue of approximately HK$241,176,000 (2022: HK$317,363,000) are derived from a single external customer during the year ended 31 December 2023.

Contract assets

As at 31 December 2023, contract assets which are presented as concession rights under service concession arrangements amounted to HK$114,664,000 (2022: HK$209,368,000).

Contract assets are initially recognised for revenue earned from the provision of construction services for the infrastructures during the period of construction under the service concession arrangements. Pursuant to the service concession agreements, the Group receives no payment from the grantors during the construction period. The service concession arrangement (including the contract assets therein) are not yet due for payment and will be settled by grant of concession rights that entitled the Group to operate during the operating periods of the service concession arrangements.

Contract liabilities

Contract liabilities represent advances received for the operation service.

Revenue recognised during the year ended 31 December 2023 that was included in the contract liabilities as at 1 January 2023 is approximately HK$22,517,000 (2022: HK$22,659,000).

4. INCOME TAX EXPENSE

Provision for income tax expense amounted to HK$6,906,000 has been made for year ended 31 December 2023 (2022: HK$269,091,000).

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the assessable profit for the year ended 31 December 2023 (2022:16.5%).

China enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is mainly 25% for the year ended 31 December 2023 (2022: 25%).

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in China. The requirement was effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on any dividends distributable by its subsidiaries established in China in respect of earnings generated.

5. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year 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 year and excluding shares held for share incentive plan.

	2023	2022
	HK cents	*HK cents*
Basic earnings per share attributable to the owners of the Company	**5.57**	12.97

(b) Diluted earnings per share

The diluted earnings per share for the year is calculated by dividing the adjusted 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 for the year which have taken into account the additional ordinary shares that would have been outstanding assuming that all potentially dilute ordinary shares have been converted.

	2023	2022
	HK cents	*HK cents*
Diluted earnings per share attributable to the owners of the Company	**5.57**	12.97

5. EARNINGS PER SHARE (CONTINUED)

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

	2023	2022
	HK$'000	*HK$'000*
Basic and diluted earnings per share		
Profit attributable to the owners of the Company used in calculating basic and diluted earnings per share	**403,565**	922,010

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

	2023	2022
	Number of share	Number of share
	'000	*'000*
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share *(Note)*	**7,243,783**	7,108,941
Adjustment for calculation of diluted earnings per share in relation to options granted to employees under the share incentive plan	**3,013**	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share *(Note)*	**7,246,796**	7,108,941

Note:

The weighted average number of ordinary shares adopted in the calculation of basic and diluted earnings per share for the years ended 31 December 2023 and 31 December 2022 have been arrived at after deducting the shares held in trust for the Group under the share incentive plan of the Company.

(e) Effects of share options for the year ended 31 December 2022

Options granted to employees under the share incentive plan are considered to be potential ordinary shares. Certain outstanding share options as at 31 December 2022 are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 31 December 2022.

6. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**205,871**	371,571
Less: Provision for impairment losses	**(2,223)**	(15,610)
Trade receivables – net	**203,648**	355,961

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

	2023	2022
	HK$'000	*HK$'000*
Within 60 days	**79,188**	167,420
61-90 days	**27,787**	8,793
91-180 days	**21,248**	22,088
Over 180 days	**75,425**	157,660
	203,648	355,961

7. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the invoice dates at the end of the years:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**221,265**	94,223
91-180 days	**39,260**	67,894
181-365 days	**69,600**	90,652
Over 365 days	**155,460**	101,181
	485,585	353,950

8. SHARE CAPITAL

	Number of shares *'000*	Share capital *HK$'000*
Ordinary shares issued and fully paid:		
At 1 January 2022	7,291,017	12,546,847
Share repurchase	(15,082)	–
At 31 December 2022 and 1 January 2023	7,275,935	12,546,847
Share repurchase *(Note (a))*	(158,762)	–
Issue of new shares on 31 January 2023 *(Note (b))*	252,802	448,000
At 31 December 2023	7,369,975	12,994,847

Note(a): During the year ended 31 December 2023, 203,026,000 ordinary shares of the Company were repurchased at a price ranging from HK$1.29 to HK$2.30 per share. The total amount paid for the repurchase was approximately HK$378,685,000. 158,762,000 shares repurchased have been cancelled during the year ended 31 December 2023. The residual 44,264,000 ordinary shares of the Company have been cancelled subsequently.

Note(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 share. The net proceeds from the placing amounts to approximately HK$448,000,000. For details, please refer to the Company's announcements dated 13 January 2023 and 31 January 2023.

* *For identification purpose only*

9. DIVIDENDS

	2023 ***HK$'000***	2022 *HK$'000*
Final dividend for the year ended 31 December 2022 of HK5.40 cents (2021: HK5.49 cents) per fully paid share	**390,465**	390,307
No special dividend for the year ended 31 December 2023 (2022: HK2.74 cents) per fully paid share	**–**	194,847
Interim dividend for the year ended 31 December 2023 of HK3.28 cents (2022: HK4.12 cents) per fully paid share	**236,663**	292,817
	627,128	877,971

In a board resolution dated 28 August 2023, the Board declared an interim dividend in the total amount of HK$243 million (equivalent to HK3.28 cents per ordinary share, based on the number of issued shares on 28 August 2023, i.e. 7,403,975,440 ordinary shares) for the six months ended 30 June 2023 (2022: HK$300 million).

In a board resolution dated 28 March 2024, the Board has recommended a final dividend in the total amount of HK$161 million for the year ended 31 December 2023 (2022: HK$400 million) payable to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 16 July 2024. Based on the 7,307,655,440 ordinary shares in issue, such a final dividend would amount to HK2.20 cents per share (2022: HK5.40 cents per ordinary share).

The final dividend is subject to the shareholders' approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2023 has not been recognised as a liability as at 31 December 2023.

The dividend distribution excludes approximately HK$16 million (2022: HK$21 million) which are received by the treasury shares held by the Company for share incentive plan during the year ended 31 December 2023.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Board has resolved to recommend a final dividend in the total amount of HK$161 million for the year ended 31 December 2023 (2022: HK$400 million), payable to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 16 July 2024. Based on the number of ordinary shares of the Company (the "**Shares**") in issue (i.e. 7,307,655,440 Shares), such a final dividend would amount to HK2.20 cents per Share (2022: HK5.40 cents per Share).

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Thursday, 23 May 2024 (the "**AGM**"), the final dividend is expected to be paid on Monday, 5 August 2024. In order to qualify for the proposed final 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 Tuesday, 16 July 2024 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (both days inclusive) to determine the shareholders' entitlement to attend and vote at the AGM. During such period, no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, 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, 17 May 2024 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

The year 2023 was the third year of the development of Infrastructure Real Estate Investment Trusts ("**REITs**") in PRC. It was also a year full of challenges and opportunities that deserves in-depth consideration. In 2023, the market prices of public offering REITs were affected by fundamental pressures, weak liquidity and deviations of expectation in the operation of some assets, thus, resulting in a significant decline in market prices. At the same time, favorable long-term policies were frequently introduced in the market. In terms of public offering REITs market issuance: there were 5 new listings in 2023, and the market issuance is progressing steadily; the first batch of public offering REITs has been expanded successfully, which helped the public offering REITs to form a benign cycle of capital expansion and asset injection during their existence; the pilot asset types of public offering REITs have been extended to include consumer infrastructure and other assets, and the first four consumer infrastructure public offering REITs have all been approved. In terms of participants: in 2023, a total of 29 fund companies announced that public offering REITs will be officially included in the investment scope of fund of funds ("**FOF**"), involving a fund size of more than RMB100 billion; On 6 December 2023, the Ministry of Finance and the Ministry of Human Resources and Social Security of the People's Republic of China jointly issued the "Draft Measures for the Administration of Domestic Investment of the National Social Security Fund (for soliciting opinions)*" (全國社會保障基金境內投資管理辦法(徵求意見稿)), proposing to include public offering REITs in the investment scope of the National Social Security Fund; on 8 February 2024, the China Securities Regulatory Commission issued the "Guidelines for the Application of Regulatory Rules – Accounting No. 4"* (監管規則適用指引－會計類第4號), which stipulates that, under certain conditions, REITs held by holders other than the original equity holders of the REITs may be listed as equity instruments; for non-trading long-term investors in the public offering REITs market, it can avoid the impact of secondary market price fluctuations on the investor's income statement, which is conducive to encouraging and enhancing the logic of long-term holding investment, and improving asset allocation value. The abovementioned favorable policies will greatly promote the stable operation and healthy development of the public offering REITs market in PRC. The Group firmly adheres to a long-term investment strategy and remains confident in investing in public offering REITs in PRC.

As a result of the significant price fluctuations in the secondary market of REITs, unrealized loss was recorded from the decline in REITs measured at fair value through profit or loss under the Group's FIME (FIME is defined as fundraising, investment, management and exit) business. The unrealized loss is not cash in nature and did not have any impact on the cash flows nor the normal business operation of the Group.

The Group recorded revenue of HK$883 million in 2023, representing a decrease of 45% compared to the year of 2022, which was HK$1,600 million. Revenue from asset operation in 2023 was HK$658 million, representing an increase of 13% compared to the year of 2022. Revenue from FIME in 2023 was HK$225 million which decreased by 78% compared to the year of 2022. The profit attributable to owners of the Company in 2023 was HK$404 million, as compared to HK$922 million for last year.

* *For identification purpose only*

Although market fluctuations brought certain negative impacts on the performance of the Group, the Group continues to leverage its advantages in asset operations and FIME. In terms of asset operation, the scale of the Group's asset operation and the efficiency of the management have both been enhanced in 2023; in terms of FIME, at least two important funds have also been established, laying a solid foundation for the long-term healthy development of the Company's business. In 2023, the Group's revenue, excluding the impact of price fluctuations in public offering REITs in PRC, was HK$1,320 million, which is roughly the same as the revenue recorded in same period last year of HK$1,370 million. During the transformation of high-quality development of China's economy and the slowdown of the overall economic growth, the Group has gradually built up a relatively solid business moat through the continuous accumulation of its scale of main business, operational capabilities, capital and resources, which has enabled the Group to maintain a high level of performance despite the heavy pressure.

Guojun – Shoucheng Holdings Smart Parking Asset-backed Special Plan

The Group's first parking asset quasi-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）which used four of the Group's self-owned parking lot projects as underlying assets was successfully issued on the Shenzhen Stock Exchange in June 2023. The successful issuance of this product reflects the full recognition of the Group's asset operation capability in the capital market, and has opened up a commercial loop from "asset acquisition – operation efficiency improvement – asset securitization – cash flow reinvestment". It is another major breakthrough made by the Group in building a commercial loop of asset operation + FIME. In 2024, the Group will continue to issue the second phase of parking asset quasi-REITs products, which will, on the one hand, help the Group to achieve light asset operations and expand its asset scale to supplement working capital, while on the other hand, further expand the recognition of the Group's operating parking assets in the capital market.

Obtain AAA market rating from leading rating agencies

The Group has been assigned a principal rating of AAA with a stable outlook by China Chengxin International Credit Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd. This is the second time that the Group has been recognised by leading domestic rating agencies after obtaining a AAA debt rating and successfully establishing China's first parking asset quasi-REIT. This marks the opening of channels for the Group in the bond market, which is conducive to further leveraging the dual driving effect of FIME and asset operation business, and thoroughly opening up the ecological loop of infrastructure asset management.

* *For identification purpose only*

KEY PERFORMANCE INDICATORS REVIEW

	For the year ended 31 December	
	2023	2022
	HK$ million	*HK$ million*
Revenue	**883**	1,600
Including: Revenue from asset operation	**658**	583
Revenue from FIME^	**225**	1,017
Adjusted EBITDA*	**671**	1,466
Operating profit	**635**	1,346
Profit attributable to the owners of the Company	**404**	922

	For the year ended 31 December	
	2023	2022
	HK cents	*HK cents*
Basic and diluted earnings per share	**5.57**	12.97

	As at 31 December	
	2023	2022
	HK$ million	*HK$ million*
Total assets	**13,523**	13,656
Net assets	**10,041**	10,024
Asset – Liability ratio#	**25.7%**	26.6%
Debt equity ratio△	**8.0%**	10.5%

^ FIME is defined as fundraising, investment, management and exit.

* The calculation of Adjusted EBITDA is set out in page 19 of this announcement.

The calculation of Asset – Liability ratio is set out in page 20 of this announcement.

△ The calculation of debt equity ratio is set out in page 20 of this announcement.

FINANCIAL REVIEW

The year ended 31 December 2023 compared to the year ended 31 December 2022:

Revenue and Cost of Sales

The Group's revenue mainly consists of revenue from asset operation and revenue from FIME. Revenue from asset operation includes the industry-based operation services, as well as the service income of various technologies, consulting, research, innovation and value-adding and other services generated surround the core infrastructure asset services. Revenue from FIME includes comprehensive income generated from the consultancy of public offering REITs, the management and investment of public offering REITs development funds, and the management and investment of strategic placement funds.

The Group recorded revenue of HK$883 million in 2023 which decreased 45% as compared with the revenue of HK$1,600 million last year. Revenue from asset operation in 2023 was HK$658 million, representing an increase of 13% as compared to the same period last year. Revenue from FIME in 2023 was HK$225 million, representing a decrease of 78% as compared to the same period last year. The overall gross profit margin in 2023 was 40.7%, representing a decrease of 25.8% in absolute value as compared to the same period last year at 66.5%. The decline in revenue and overall profit margin from FIME was mainly attributable to the unrealized loss recorded by public offering REITs in China measured at fair value through profit or loss in 2023 due to the aforementioned decrease in market price of public offering REITs in China. Although the decrease in the market price of public offering REITs in China imposes certain adverse effects on the Group's FIME, the funds under the Group's management continue to generate stable management fee income, and the exit of mature investment projects and some of the funds also continue to contribute excess return to the Group, which contributed HK$378 million revenue to the Group in 2023.

Non-HKFRSs Measures

Profit before income tax plus non-controlling interest, finance costs, gain on disposal of assets classified as held for sale, 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 other stakeholders 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 they are 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 gain on disposal of assets classified as held for sale; 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.

During the year, the Adjusted EBITDA of the Group amounted to HK$671 million, representing a decrease of 54.2% as compared to HK$1,466 million last year.

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

	For the year ended 31 December	
	2023	2022
	HK$ million	*HK$ million*
Profit before income tax	**466**	1,183
1. Non-controlling interests	**(72)**	(8)
2. Finance costs	**106**	102
3. Gain on disposal of assets classified as held for sale	**–**	(17)
4. Depreciation of property, plant and equipment	**17**	12
5. Depreciation of right-of-use assets	**132**	163
6. Amortisation of other non-current assets	**22**	31
Adjusted EBITDA	**671**	1,466

Asset – Liability ratio

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

In 2023, the Asset – Liability ratio of the Group is 25.7%, representing a decrease of absolute value of 0.9% as compared to 31 December 2022.

The following table shows the Group's total liabilities and total assets for the years presented:

	As at 31 December	
	2023	2022
	HK$ million	*HK$ million*
Total liabilities	**3,482**	3,632
Total assets	**13,523**	13,656
Asset-Liability ratio	**25.7%**	26.6%

Debt equity ratio

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

In 2023, the Debt equity ratio of the Group is 8.0%, representing a decrease of absolute value of 2.5% 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 years presented:

	As at 31 December	
	2023	2022
	HK$ million	*HK$ million*
Total borrowings	**793**	1,047
Including: Borrowings – non-current *(Note (a))*	452	465
Borrowings – current *(Note (a))*	157	582
Bond payable – non-current	184	-
Capital and reserves attributable to owners of the Company	**9,923**	9,928
Debt Equity Ratio	**8.0%**	10.5%

Note (a) Further details of borrowings are set out in P.25 of this announcement.

Finance costs

During the year, finance costs of the Group amounted to HK$106 million, representing an increase of 3.9% compared to last year. The finance costs are mainly attributable to the interest on lease liabilities arising from the adoption of HKFRS 16 – Leases and interest on borrowings. The increase in finance costs was primarily attributed to the interest generated by the Quasi-REITs Structured Asset Securitization Products of parking asset issued by the Group during the year.

Taxation

Provision for income tax expense amounting to approximately HK$7 million was made for the year ended 31 December 2023, while provision for income tax expense of approximately HK$269 million was made for the last year.

Income tax expenses mainly include the enterprise income tax calculated at a tax rate mainly of 25% for the Group's major subsidiaries incorporated in China.

REVIEW OF OPERATIONS

The development of the REITs market will effectively connect the real economy with the capital market, helping to form a benign cycle of existing assets and new investment. The Group adheres to the core philosophy of "precise investment + lean operation" and focuses on the investment and operation of various types of infrastructure assets with long-term value. Based on the two characteristics of revitalizing assets and building new investment and financing models, as well as helping to enhance asset operation performance of public offering REITs, the Group leverages its strong FIME capability and rich experience in asset operation to fully utilize public offering REITs and provide in-depth service to our customers. The Group is committed to the layout of the entire REITs industry chain and realizing the strategic goal of "the infrastructure assets provider in China who continuously enhances the operating efficiency", to create a closed-loop operation model for the entire chain.

Asset Operation

By iterating towards the 3.0 business model of "asset circulation + operation technology", the Group adheres to invest in core areas, core regions, and core cities, to fully utilize the integration of asset operation and FIME, and to realize the commercial cycle of assets under management through asset securitization. In 2023, the Group further expanded its layout in major transportation hubs such as airports and railways in first tier cities such as Beijing and Guangzhou. At the same time, the Group continued to acquire various infrastructure assets with excellent performance and long-term operational value through precise investment capabilities, and reserved high-quality assets for future asset securitization exits.

In 2023, the Group successfully won the bid for the project of parking operating rights of Guangzhou Baiyun International Airport* in the Greater Bay Area ("**Guangzhou Baiyun Airport**", 廣州白雲機場停車場項目) with a total of over 10,000 operating parking spaces. The successful bidding of the project with Guangzhou Baiyun Airport which was first ranked in terms of annual transportation volume for three consecutive years since 2020 in China enables the Group to operate regional heavyweight transportation hubs in the Greater Bay Area, Beijing-Tianjin-Hebei Region and Southeast Region. In addition, the Group has successfully won the bid and signed the contract for the largest railway hub in Asia, the Beijing Fengtai Railway Station carpark project*（北京豐台站停車場項目）in the Beijing-Tianjin-Hebei Region in 2023, which has taken the Group to a new level in railway travel services. The successful bidding of the two abovementioned projects fully demonstrates the Group's leading position and strength in the industry.

In 2023, the Group continued to acquire ownership of multiple parking spaces in core regions, like Chongqing of the Chengdu-Chongqing Region and Beijing of the Beijing-Tianjin-Hebei Region, including the FFC and CDE blocks of the Chongqing Wealth Center*（重慶市財富中心FFC及CDE座）, the Longhu New City project in Chongqing*（重慶市龍湖新壹城項目）, and the Tianchuang Technology Building project in Haidian District of Beijing*（北京市海澱區天創科技大廈項目）. While significantly increasing the density of parking spaces in core regions, the Group will adopt a model of "Asset acquisition-Operation efficiency improvement-Asset securitization-Reinvestment of cash backflow" to further develop towards a light asset operation model.

In terms of park asset management, the Chang'an Mills project*（六工匯）in Beijing of Beijing-Tianjin-Hebei Region, which is a model of industrial park reconstruction in Beijing and even in China covering 200,000 square meters with 23 single buildings has become a new consumption landmark in the western region of Beijing and has been awarded the title of "Low Carbon Innovation" characteristic industrial park. The project has achieved over 95% of office investment rate. The Rongshi Square*（融石廣場）and the Shoucheng Times Center*（首程時代中心）, which are still under construction, will be developed into a gathering platform for international high-end talents to live and work, as well as a large-scale business park for urban new life experience centers. In 2023, the funds managed by the Group obtained the operating right of over 88,000 square meters of the Beijing Winter Olympics Square, further increasing the density and operating scale of our projects in the Shougang Park, and enhancing the synergy among different projects. The Group will continue to increase the operating income and valuation level of its managed projects through lean operations, cross-border restructuring, investment cultivation, and other methods. In the future, the Group will actively explore asset securitization methods such as issuing infrastructure public offering REITs to bridge the exit path and achieve a deep integration of the operating value and financing value of underlying assets.

The Group continues to invest in operational technology to create upgraded digital products that empower the Group's business and parking users. The Group entered a new stage of digital market output in 2023. The successful bidding of the Xi'an Airport Parking Management System*（西安機場停車管理系統）in early 2023 realised the Group's first cooperation in the external delivery of SaaS software systems and gained market recognition for system design and development capabilities. The Group is always insisted on putting user experience as the first priority. The Group continues to optimize and upgrade customer-end interactive applications, enhance user operation experience and create competitive digital products. Through the launch of the parking agency business platform, innovative business platform, and cloud customer service open platform, the Group has formed a comprehensive user operation system platform with parking services as its core, which has greatly enhanced the Group's professional, digital, and standardized asset operation capabilities, and brought comfortable and convenient parking experiences to travelers.

The Group actively explores the extension of the parking industry chain and charging pile business in accordance with the national policy guidance on the development of the new energy vehicle industry. In 2023, the Group obtained investment, construction, and operation of new energy vehicle charging piles through self construction or strategic acquisition. Through close cooperation with leading technology and operation teams in the industry, the Group has laid out a number of high standard and intelligent charging piles in the core areas of cities such as Beijing in Beijing-Tianjin-Hebei and Shanghai in the Southeast Region. On the one hand, the development of this business has enhanced the density of asset operations and helped to achieve scale effects; on the other hand, it also enriches business categories and expands revenue sources. At the same time, it also marks the official entry of the Group into the field of new energy vehicle services, which helps to enhance the Group's core competitiveness.

FIME

FIME involves acquiring long-term "potential assets" and leveraging the Group's strong asset operation capabilities to introduce long-term funds to customers. The Group also provides exploration and cultivation of high potential projects through the establishment of front-end funds, while platform operation management helps improve asset quality and efficiency in the middle end. The funds are then exit through market-oriented or public offering REITs, and finally reinvested through REITs, the Group comprehensively realizes the integration of industry and finance in the entire ecosystem of infrastructure assets through the four-step process, thereby achieving dual growth in asset scale, quality, and return on investment for the Group's customers.

In 2023, the Group collaborated with strategic shareholder Sunshine Insurance Group Company Limited to establish the Sunshine Shoucheng Urban Development infrastructure assets investment Fund ("**Sunshine Shoucheng Urban Development Fund**"*(陽光首程城市發展基金)) with a target scale of RMB10 billion. This fund is the second urban development fund of the Company to acquire infrastructure assets with the potential to issue REITs. This also demonstrates the Group's precise industrial investment ability, lean operation and management ability, and mature and comprehensive exit ability. The Group has also jointly initiated the establishment of the Beijing Robot Industry Development Investment Fund (Limited Partnership)*(北京機器人產業發展投資基金(有限合夥)(hereinafter referred to as the "**Beijing Robot Fund**"(北京機器人基金)) with strategic shareholders Beijing State-owned Capital Operation and Management Company Limited*(北京國有資本運營管理有限公司))and Beijing Municipal Government Investment Guidance Fund (Limited Partnership), with a target scale of RMB10 billion. The establishment of this fund is an important manifestation of the Group's active participation in promoting the construction of the International Science and Technology Innovation Center and the global digital economy benchmark city in Beijing. It is also the investment concept that the Group would actively practices to deepen industrial investment and promote industrial upgrading.

The successful establishments of the Sunshine Shoucheng Urban Development Fund*(陽光首程城市發展基金) and the Beijing Robot Fund*(北京機器人基金) are results of the strong support from strategic shareholders for the Group's resource docking and business collaboration, as well as a high recognition of the Group's investment and exit capabilities in asset operation and FIME. It will also form a highly synergistic effect for the Group's strategic investment.

In 2023, the Group successfully assisted its client in issuing its first photovoltaic public offering REITs in PRC, and assisted its client in entering the review stage of the China Securities Regulatory Commission for its public offering REITs in China. The Group continued to provide consulting services for the issuance of public offering REITs to over 30 clients, with an expected asset trading volume exceeding RMB100 billion. This once again demonstrates the professional capabilities and industry-leading position of the Group in the preparation of REITs issuance and asset securitization consulting, and has established or deepened strategic cooperation with more and more important enterprises in the infrastructure industry through the aforementioned consulting services, in order to obtain a wide range of business resources.

* *For identification purpose only*

LIQUIDITY 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.

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

1. Assets with high liquidity

	As at 31 December 2023 *HK$ million*	As at 31 December 2022 *HK$ million*
Bank balances and cash	**2,263**	3,574
Wealth management products and fixed income financial assets	**1,982**	903

2. Financing Resources

	As at 31 December 2023 *HK$ million*	As at 31 December 2022 *HK$ million*
Total borrowings	**793**	1,047
Including: Borrowings – non-current	**452**	465
Borrowings – current	**157**	582
Bond payable – non-current	**184**	–

As at 31 December 2023, the balance of the Group's term loan financing from banks was HK$609 million, which was mainly for the investment in the operation rights of the Beijing Daxing International Airport Parking Building* (北京大興國際機場停車樓). Besides E Park Investment Management Co., Ltd.* (驛停車(北京)投資管理有限公司), a wholly-owned subsidiary of the Company, issued the parking asset quasi-REITs structured asset securitization product ("**Quasi-REITs Structured Asset Securitisation Product**") with the balance of HK$184 million.

* *For identification purpose only*

Currency Risk, Interest Rate Risk and Other Market Risk

The Group formulates financial risk policies under the direction of the Board, managing financial risk, foreign currency risk, interest rate risk and trading counterparties' credit risk. Derivative financial instruments are mainly used to hedge the business operation risks. The Group also targets to ensure that adequate financial resources are available for business growth.

The Group conducts its businesses mainly in Hong Kong and China, it is 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.

The Group is mainly exposed to cash flow interest rate risk in relation to variable-rate bank balances and borrowings. As at 31 December 2023, if interest rates on bank balance and borrowings had been 25 points higher/lower with all other variables held constant, pre-tax profit of the Group would have been HK$8.51 million (2022: HK$6.32 million) higher/lower.

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 31 December 2023, the Company has utilised HK$146 million of the net proceeds from the Poly Platinum Subscription. The Company decided to reallocate the amount of unutilised net proceeds as at 31 December 2023 of HK$149 million, such that HK$89 million and HK$60 million will be used for the purpose of investing in the Group's infrastructure asset management business and general working capital, respectively (the "**Reallocation**"). The Reallocation will give the Group a greater flexibility in cash flow management, enrich its financial resources, and at the same time reserve the right to use the unutilised net proceeds for its original business development plan when suitable opportunities arise. This also enables the Group to satisfy its operational needs while seizing market opportunities and optimizing the Group's business model.

   As at 31 December 2023, the Group applied the proceeds of the Poly Platinum Subscription in the following manner:

Intended use of net proceeds	Amount of the net proceeds raised *HK$ million*	Amount of unutilised net proceeds as at 1 January 2023 *HK$ million*	Amount of utilised net proceeds during the year ended 31 December 2023 *HK$ million*	Amount of unutilised net proceeds as at 31 December 2023 before the Reallocation *HK$ million*	Amount of unutilised net proceeds as at 31 December 2023 after the Reallocation *HK$ million*	Expected timeline for the use of the unutilised net proceeds after the Reallocation[#]
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	33	149	–	Not applicable
Invest in the Group's infrastructure asset management business	–	–	–	–	89	By the end of 2025
General working capital	–	–	–	–	60	By the end of 2025
Total	295	182	33	149	149	

[#] The Company intends to apply the remaining net proceeds raised in accordance with the indicative timetable set forth above.

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 ("**2021 Placing and Subscription**") with net proceeds of approximately HK$419 million.

   As at 31 December 2023, the Group applied the proceeds of the 2021 Placing and Subscription in the following manner:

Intended use of net proceeds	**Amount of the net proceeds raised**	**Amount of unutilised net proceeds as at 1 January 2023**	**Amount of utilised net proceeds during the year ended 31 December 2023**	**Amount of unutilised net proceeds as at 31 December 2023**	**Expected timeline for the use of the unutilised net proceeds#**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
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 asset management business	168	4	4	–	Not applicable
General working capital	83	17	17	–	Not applicable
Total	419	91	91	–	

The full amount of the net proceeds of the 2021 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 with Huatai Financial Holdings (Hong Kong) Limited (as placing agent) 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. On 31 January 2023, the Company completed the placing and the subscription of 252,802,246 placing shares to 陽光人壽保險股份有限公司 (Sunshine Life Insurance Corporation Limited*), all of which were subscribed with net proceeds of approximately HK$448 million ("**2023 Placing and Subscription**").

As at 31 December 2023, the Group applied the proceeds of the 2023 Placing and Subscription in the following manner:

Intended use of net proceeds	**Amount of the net proceeds raised** *HK$ million*	**Amount of utilised net proceeds during the year ended 31 December 2023** *HK$ million*	**Amount of unutilised net proceeds as at 31 December 2023** *HK$ million*	**Expected timeline for the use of the unutilised net proceeds#**
The Company's principal activities' potential capital injection, development, construction and acquisition of assets and leasing expenditure	269	269	–	Not applicable
General working capital	179	179	–	Not applicable
Total	448	448	–	

The full amount of the net proceeds of the 2023 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 31 January 2023.

* *For identification purpose only*

SIGNIFICANT INVESTMENT HELD

Save as disclosed below, there were no other significant investment held the Group during the year.

Name of entity	Investment cost	Proportion and unit of issued shares subscription fund units held by the Group		Fair value	Proportion of fair value to the total assets to the Group	Unrealised fair value (losses)/gains	Dividends received
		As at 31 December 2023				For the year ended 31 December 2023	
Financial assets at FVOCI							
Shougang Fushan Resources Group Limited ("**Shougang Resources**") *(Note a)*	HK$ 1,834,347,000	774,743,000	15.72%	HK$ 2,231,261,000	16.50%	HK$ 302,150,000	HK$ 319,384,000
Financial assets at FVPL							
CICC GLP Warehousing and Logistics Closed Infrastructure Securities Investment Fund* (the "**REIT**") *(Note b)*	RMB 626,500,000	160,170,000	8.26%	RMB 546,181,000	4.43%	RMB (306,639,000)	RMB 21,503,000
		As at 31 December 2022				For the year ended 31 December 2022	
Financial assets at FVOCI							
Shougang Fushan Resources Group Limited ("**Shougang Resources**") *(Note a)*	HK$ 2,045,590,000	863,962,000	17.10%	HK$ 2,151,267,000	15.75%	HK$ 105,677,000	HK$ 406,143,000
Financial assets at FVPL							
CICC GLP Warehousing and Logistics Closed Infrastructure Securities Investment Fund* (the "**REIT**") *(Note b)*	RMB 583,500,000	150,000,000	10.00%	RMB 809,550,000	6.69%	RMB 125,775,000	RMB 13,382,000

In the long term, based on the stable performance of Shougang Resources and the stable and diversified underlying assets portfolio of the REITs and the rental income generated by its leases, the earnings of the REITs are expected to remain at a relatively consistent pace over time, Therefore, looking forward, the Board believes that the strategic investments will strive to generate stable returns to the Group.

Note a Holding other business assets

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 with stock code 639 and is a major hard coking coal producer in Mainland China.

Note b The Group's Strategic Investment in REITs Fund

The REIT fund is an infrastructure fund established in the PRC which mainly invests in projects of which warehousing and logistics infrastructure projects are the final investment targets. Its fund manager is CICC Fund Management Co., Ltd.*（中金基金管理有限公司） and its fund units are listed on the Shanghai Stock Exchange.

MATERIAL ACQUISITIONS & DISPOSALS

There were no other material acquisitions or disposals by the Group during the year.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events occurring after the reporting period required to be disclosed during the year.

CAPITAL STRUCTURE

As at 31 December 2023, the issued share capital of the Company was HK$12,994,847,000 (represented by 7,369,975,440 issued ordinary shares).

EMPLOYEES RELATIONSHIP

The Group had a total of 414 employees as at 31 December 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. 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 factors such as position value, ability, and contribution to performance etc, in order to motivate and retain existing employees. 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, hospital insurance 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 for the Company's ordinary shares as part of employee welfare. In order 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, to strengthen employees' sense of belonging, the Group arranges a variety of recreational activities for all employees, including a sports meeting organised 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 the participants include executive Directors and core management of the Company, technical and business backbone personnel of the Group. The purposes of the share incentive plan are to align the interests of employees, Company and the shareholders for the Group's long-term development, to attract, motivate and retain talent, to establish and complete the long-term incentive mechanism of the Group, 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, 5 November 2021, and 2 November 2022; and (ii) the circular of the Company dated 15 October 2021.

PROSPECTS

The infrastructure industry in China is rich and large in scale, providing abundant basic assets for public offering REITs. With the continuous improvement of the public offering REITs market in China, the Group firmly believes that public offering REITs have the potential of a RMB trillion dollar market, and remains committed in its long-term investment strategy for REITs. While achieving investment returns, the Group establishes its strategic partnership ecosystem to achieve multi-dimensional revenue innovation and to create value for the shareholders on a continuous basis.

The Group's capability in the field of REITs accumulated from its years of operation allows it to seize the key window period in 2024 by fully leveraging the Group's resource and territorial advantages. The Group will fully layout key asset categories such as parking assets, long-term rental apartment (guarantee housing) and commercial assets with stable cash returns over the long term and high potential in China, to make a gain through long-term transformation and enhancement of asset value. At the same time, the Group will further collaborate with insurance funds, issuer funds, and government guided funds of long maturity in the market that are optimistic about the public offering REITs market and to establish long-term funds focusing on investing in public offering REITs, investing in high-quality infrastructure assets, and aiming in obtaining long-term stable returns.

At the same time, with the rapid growth of the new energy vehicle market, the Group will continue to increase investment in the charging pile business, optimize the charging network layout, improve service quality, and meet the growing market demand. The new energy vehicle charging pile business will become a new growing area for the Group and is expected to create long-term stable and growing returns for the shareholders.

The Group will continue to focus on improving the quality and efficiency of its operations under the core business concept of "precise investment + lean operation". The Group will fully explore and unleash the value attributes of its assets, and provide one-stop solutions to asset holders throughout the entire lifecycle. Meanwhile, the Group will further increase its efforts in core capacity building, strategic acquisition and integration of quality assets through self-construction, mergers and acquisitions, and strategic investments, so as to identify core potential assets with long-term value, expand the types of assets, and enlarge the scale of assets. The Group will continue to focus on improving its industry research capability, industrial investment capability and precise exit capability to realize stable returns, thereby creating create long-term returns for all shareholders.

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

During the year ended 31 December 2023, the Company bought back a total of 203,026,000 Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate consideration of HK$378,684,560.35. All such bought back Shares were subsequently cancelled.

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

		Price paid per Share		
Month	**Number of share bought back**	**Highest** *(HK$)*	**Lowest** *(HK$)*	**Aggregate Consideration** *(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
July 2023	7,400,000	2.02	1.84	14,306,853.95
August 2023	3,700,000	1.69	1.57	6,128,222.65
September 2023	16,800,000	1.90	1.50	29,310,297.04
November 2023	13,500,000	1.45	1.31	18,904,453.29
December 2023	44,264,000	1.57	1.29	62,386,340.08
Total	**203,026,000**			**378,684,560.35**

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 year ended 31 December 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions and, where applicable, the recommended best practices in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2023.

Details of the Company's compliance with the provisions of the CG Code during the year will be set out in the Corporate Governance Report in the Company's 2023 annual report.

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 focuses on core infrastructure assets in China, with a mission to integrate FIME (which is defined as fundraising, investment, management and exit), enhance efficiency, and build new infrastructure. The Group provides customers with leading infrastructure asset management services and continues to contribute to the upgrade and operational efficiency improvement of existing infrastructure assets in China. The Group is committed to be a leading provider of continuous improvement of infrastructure assets and services in China.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 28 March 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.