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

DISCLOSEABLE TRANSACTION ESTABLISHMENT OF PARTNERSHIP

On 15 July 2020, Shouda Huihe, an indirect wholly-owned subsidiary of the Company, as the limited partner, entered into the Partnership Agreement with Jianye High-tech Investment, as the limited partner, and Shouda Gaotou, an indirect non-wholly-owned subsidiary of the Company, as the general partner, for the establishment of the Partnership.

The Partnership will be engaged in investment business to achieve long-term investment returns for the partners through the establishment, operation and management of a portfolio of invested assets and companies.

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

INTRODUCTION

On 15 July 2020, Shouda Huihe, an indirect wholly-owned subsidiary of the Company, as the limited partner, entered into the Partnership Agreement with Jianye High-tech Investment, as the limited partner, and Shouda Gaotou, an indirect non-wholly-owned subsidiary of the Company, as the general partner, for the establishment of the Partnership.

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

Establishment of the Partnership

Subject to early termination of the Partnership as stipulated in the Partnership Agreement, the term of the Partnership shall be seven years. The first four years of the term shall be the investment period (the “**Investment Period**”) and the remaining years of the term shall be the management and exit period (the “**Management and Exit Period**”).

The Partnership will mainly concentrate its investments on projects of construction and

operation of public parking lots and renovation of existing parking assets; and simultaneously, it will also invest in Smart City, Smart Travel, Smart Parking, upstream and downstream industries in the parking industry, and other projects in line with the national industrial policies.

Capital Contribution to the Partnership

The total registered capital contribution to the Partnership is RMB1 billion, which shall be made by Shouda Huihe, Jianye High-tech Investment and Shouda Gaotou in cash as follows:

	Amount to be contributed (RMB)	Percentage interest in the Partnership	Nature of holding
Shouda Huihe	640,000,000	64%	Limited Partner
Jianye High-tech Investment	350,000,000	35%	Limited Partner
Shouda Gaotou	10,000,000	1%	General Partner
Total	1,000,000,000	100%	

The capital contribution will be made in tranches at such time and in such amount as agreed by the partners, and shall be paid up within the Investment Period.

The Partnership will be accounted for as a subsidiary of the Company.

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

Purpose of the Partnership

The Partnership will be engaged in investment business to achieve long-term investment returns for the partners through the establishment, operation and management of a portfolio of invested assets and companies.

Investment Committee Composition

An investment committee, comprising five (5) investment professionals to be responsible for making professional decisions on investment opportunities, will be established by the general partner. Three (3) out of the five (5) members of the investment committee will be nominated by Shouda Huihe and the remaining two (2) members will be nominated by Jianye High-tech Investment. All resolutions of the investment committee shall be passed by at least three (3) members.

Management of the Partnership

Shouda Gaotou as the general partner will also act as the executive partner of the Partnership. As the executive partner, Shouda Gaotou will have the exclusive right in the operation,

management and control of the Partnership’s investment business and other matters; and will be responsible for formulating all investment and exit decisions of the Partnership.

Shougang Northeast, an indirect wholly-owned subsidiary of the Company, will be appointed as the fund manager of the Partnership to provide fund management services to the Partnership. The Partnership and the fund manager shall enter into an entrusted management agreement (the “**Entrusted Management Agreement**”) in respect of such appointment.

Management Fee and Execution Fee

The Partnership shall pay to the fund manager a management fee (the “**Management Fee**”) and the executive partner an execution fee (the “**Execution Fee**”) for providing fund management services to the Partnership in accordance with the terms of the Partnership Agreement and the Entrusted Management Agreement.

The Management Fee shall be borne by the limited partners and paid as follows:

- (i) during the Investment Period, at a rate of 1% per annum on the total paid-in capital of the limited partners; and
- (ii) during the Management and Exit Period, at a rate of 0.75% per annum on the total paid-in capital of the limited partners after deducting the investment costs of the projects which have been fully or partially exited.

The Execution Fee shall be borne by the limited partners and paid as follows:

- (i) during the Investment Period, at a rate of 1% per annum on the total paid-in capital of the limited partners; and
- (ii) during the Management and Exit Period, at a rate of 0.75% per annum on the total paid-in capital of the limited partners after deducting the investment costs of the projects which have been fully or partially exited.

Restrictions on Equity Interest Transfers

(1) Permitted transfer

The limited partners may transfer their equity interest in all or in part in the Partnership upon receipt of a consent from the general partner after submitting a written application to the general partner and satisfying certain conditions as stipulated in the Partnership Agreement.

The general partner may transfer all of its interest in the Partnership to its associates at its own discretion or to any of its non-associates upon approval by a meeting of the partners.

(2) Right of first refusal

Save for transfer of equity interest in the Partnership by the limited partners to their associates, each partner shall have a right of first refusal on transfer of equity interest in the Partnership held by the other partner, and the general partner (or a third party as designated by the general partner) shall have the right of second refusal thereof.

Income Distribution

Upon satisfaction of the conditions precedent of distribution under the Partnership Agreement, any distributable income from any investment project under the Partnership shall be distributed in the following order:

- (i) to each partner until each partner obtains their respective paid-in capital contribution amount;
- (ii) to the limited partners until each limited partner obtains an annual rate of return of 6% to their respective paid-in capital contribution;
- (iii) to the general partner until the total amount to be distributed under (iii) herein reaches 20% of the amount distributed under (ii) above and (iii) herein; and
- (iv) for the remaining distributable income, 20% shall be distributed to the general partner, while 80% shall be distributed to the limited partners.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

Prior to the entering into of the Partnership Agreement, the Company has won the bid for the franchise projects in Qinhuai District and Gulou District of Nanjing. It is the first time that the Company, in cooperation with regional government, to set up a special partnership focusing its investments on projects of construction and operation of public parking lots, that will consolidate the Company's ability to invest and operate, and develop more indepth business cooperation with Nanjing government, further broadening the business scope and constantly increasing the market influence of the Company.

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

INFORMATION ON THE PARTIES TO THE PARTNERSHIP AGREEMENT

The Group mainly focuses on the management and operations of car parking assets and management of private funds that are oriented towards urban redevelopment.

Shouda Huihe, an indirect wholly-owned subsidiary of the Company, is a company established in the PRC with limited liability and is principally engaged in business management, consulting and planning.

Jianye High-tech Investment is a company established in the PRC with limited liability and is principally engaged in construction and development of industrial carriers and construction of municipal infrastructure in Jianye District, Nanjing, the PRC.

Shouda Gaotou, an indirect non-wholly-owned subsidiary of the Company, is a limited partnership established in the PRC with limited liability and is principally engaged in business management and consulting. Shouda Gaotou is owned as to 65% by Shouda Huihe and 35%

by Jianye Gaotou Capital, a direct non-wholly-owned subsidiary of Jianye High-tech Investment. At the date hereof, Shouda Gaotou is an insignificant subsidiary of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Jianye High-tech Investment and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

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

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Shoucheng Holdings Limited (stock code: 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(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“insignificant subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Jianye Gaotou Capital”	南京建鄴高投資本管理有限公司 (Nanjing Jianye Gaotou Capital Management Co., Ltd.*), a limited liability company established in the PRC and is a direct 90%-owned subsidiary of Jianye High-tech Investment;
“Jianye High-tech Investment”	南京市建鄴區高新科技投資集團有限公司 (Nanjing Jianye High-tech Investment Group Co., Ltd.*), a limited liability company established in the PRC and is wholly-owned by 南京建鄴國有資產經營集團有限公司 (Nanjing Jianye State-owned Assets Management Group Co., Ltd.*) (which in turn is wholly-owned by the

	government of Jianye District, Nanjing, the PRC);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Partnership”	the limited partnership (proposed name: 南京建鄴首程智慧城市發展基金(有限合夥) (Nanjing Jianye Shoucheng Smart City Development Fund (Limited Partnership)*)) to be established in the PRC pursuant to the terms of the Partnership Agreement;
“Partnership Agreement”	the partnership agreement in relation to the establishment of the Partnership dated 15 July 2020 among Shouda Huihe, Jianye High-tech Investment and Shouda Gaotou;
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan;
“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);
“Shouda Gaotou”	南京首達高投企業管理合夥企業(有限合夥) (Nanjing Shouda Gaotou Enterprise Management Partnership (Limited Partnership)*), a limited partnership established in the PRC and the equity interest of which is held as to 65% and 35% by Shouda Huihe and Jianye Gaotou Capital respectively;
“Shouda Huihe”	北京首達慧合企業服務有限公司 (Beijing Shouda Huihe Enterprise Service Co., Ltd.*), a limited liability company established in the PRC and is indirectly wholly-owned by the Company;
“Shougang Northeast”	首鋼東北振興產業基金管理有限公司 (Shougang Northeast Revitalization Industrial Fund Management Co., Ltd.*), a limited liability company established in the PRC and is indirectly wholly-owned by the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	percentage.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 15 July 2020

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Xu Liang, Mr. Li Wei (President), Mr. Liang Hengyi (Managing Director) and Ms. Zhang Meng as Executive Directors; Dr. Li Yinhui, Mr. Liu Jingwei, Mr. Ho Gilbert Chi Hang and Mr. Li Hao as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Dr. Qiao Yongyuan as Independent Non-executive Directors.

**For identification purposes only*