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SHOUCHENG HOLDINGS

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

**CONNECTED TRANSACTION  
ACQUISITION OF EQUITY INTEREST IN LVJIE FUND  
AND  
ADDITIONAL INFORMATION  
IN RELATION TO CONTINUING CONNECTED TRANSACTION**

**AGREEMENT**

On 9 November 2020, Jingxi Venture, an indirect 90%-owned subsidiary of the Company, MOST Innovation Fund Management Centre and Lvjie Fund entered into the Agreement in respect of the Acquisition.

**LISTING RULES IMPLICATIONS**

As at the date hereof, Shougang Group indirectly holds approximately 35.95% of the issued Shares and is therefore a controlling shareholder and a controller of the Company within the meaning of the Listing Rules. Shougang Fund is a wholly-owned subsidiary of Shougang Group and holds approximately 52.57% equity interest in Lvjie Fund and is therefore a substantial shareholder of Lvjie Fund. Accordingly, the Acquisition constitutes a connected transaction of the Company pursuant to Rule 14A.28(1) of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition are more than 0.1% but all are less than 5%, the Acquisition is subject to the announcement and reporting requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

**AGREEMENT**

On 9 November 2020, Jingxi Venture, an indirect 90%-owned subsidiary of the Company, MOST Innovation Fund Management Centre and Lvjie Fund entered into the Agreement in respect of the Acquisition.

The principal terms of the Agreement are set out below:

## **Date**

9 November 2020

## **Parties**

- (1) Jingxi Venture (as transferee);
- (2) MOST Innovation Fund Management Centre (as transferor); and
- (3) Lvjie Fund (as target company).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, MOST Innovation Fund Management Centre and its ultimate beneficial owner are Independent Third Parties.

## **The Acquisition**

MOST Innovation Fund Management Centre shall sell and Jingxi Venture shall acquire approximately 11.22% equity interest in Lvjie Fund, representing RMB32,000,000 in the registered capital of Lvjie Fund, at a consideration of RMB33,811,506.85 (the "**Consideration**").

## **Consideration and payment term**

The Consideration is comprised of RMB32,000,000, being the total capital contribution (the "**Capital Amount**") made by MOST Innovation Fund Management Centre in Lvjie Fund, and RMB1,811,506.85, being the interests accrued (the "**Interest Amount**"). The Consideration will be funded by internal resources of the Group.

Within 30 business days after the receipt of the payment notice issued by the Ministry of Finance of the PRC to the Ministry of Science and Technology of the PRC and forwarded from MOST Innovation Fund Management Centre on 14 October 2020, Jingxi Venture shall remit the Capital Amount and the Interest Amount into the respective designated accounts with specified purpose of use as stipulated by MOST Innovation Fund Management Centre in the Agreement.

The Consideration was determined after arm's length negotiation between the parties with reference to (i) the articles of association and supplemental agreement to the capital increase agreement of Lvjie Fund entered into among the equity holders of Lvjie Fund in 2018 and 2015 respectively which, among other things, set out the terms of withdrawal by MOST Innovation Fund Management Centre from Lvjie Fund; (ii) the net asset value of Lvjie Fund as at 31 December 2019; and (iii) the future development potential of Lvjie Fund.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company's equity investment business adheres to the concept of "keep straight and be innovative, incubating with ecology", on one hand, to "innovate" outside the core business and earn profits for the Company through financial investments, and on the other hand, to provide an ecological platform to promote core business industry innovation and incubation.

The acquisition of equity interest in Lvjie Fund is precisely the implementation of the Company's philosophy of investment, which will also be beneficial to further focus on advantageous resources and industrial sectors, deeply participate in industrial integration, carry out precious investment and better empower and support the Company's core business.

## INFORMATION OF THE PARTIES

### Lvjie Fund

Lvjie Fund, principally engaged in investing in technological and innovative small and medium-size entity venture capital, is a joint venture company established on 2 November 2014 under the laws of the PRC with limited liability and has engaged Jingxi Venture as its manager.

MOST Innovation Fund Management Centre acquired approximately 11.22% equity interest in Lvjie Fund, representing RMB32,000,000 in the registered capital of Lvjie Fund, by way of capital contribution in the amount of RMB32,000,000 in 2015.

The capital structure of Lvjie Fund before and after completion of the Acquisition is set out below:

	Before completion of the Acquisition		After completion of the Acquisition	
	Capital Contribution (RMB)	Percentage	Capital Contribution (RMB)	Percentage
Shougang Fund	150,000,000	52.57%	150,000,000	52.57%
MOST Innovation Fund Management Centre	32,000,000	11.22%	-	-
Jingxi Venture	3,350,000	1.17%	35,350,000	12.39%
Other equity holders	100,000,000	35.04%	100,000,000	35.04%
<b>Total</b>	<b>285,350,000</b>	<b>100%</b>	<b>285,350,000</b>	<b>100%</b>

Upon completion of the Acquisition, Jingxi Venture's aggregate equity interest in Lvjie Fund will be increased from approximately 1.17% to approximately 12.39% and accordingly, Lvjie Fund will not become a subsidiary of the Company and the financial results of Lvjie Fund will not be consolidated into the results of the Group after the Acquisition.

Based on the unaudited management accounts for the six months ended 30 June 2020 and the audited financial statements for the financial year ended 31 December 2019 of Lvjie Fund, which were prepared in accordance with the PRC GAAP, the net asset value of Lvjie Fund was RMB359,091,495.97 and RMB362,448,148.91 respectively.

The net profits (both before and after tax) of Lvjie Fund for the two financial years ended 31 December 2018 and 2019 based on the audited financial statements of Lvjie Fund, which were prepared in accordance with the PRC GAAP, are set out below:

	<b>For the year ended 31 December 2019 (RMB)</b>	<b>For the year ended 31 December 2018 (RMB)</b>
Profit/(loss) before taxation	(20,442,811.26)	52,077,767.67
Profit/(loss) after taxation	(15,332,108.45)	40,010,502.47

### **The Group and Jingxi Venture**

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

Jingxi Venture is an indirect non-wholly-owned subsidiary of the Company. It is principally engaged in the provision of management and consultancy services in relation to non-securities investment in the PRC. It is owned as to 90% by the Company's indirect wholly-owned subsidiary and 10% by 北京北咨投資基金管理有限公司 (Beijing Beizi Investment Fund Management Co., Ltd. \*, "**Beizi Investment**") as at the date hereof.

Beizi Investment is a limited liability company established in the PRC and is principally engaged in non-securities business investment management and consultancy services in the PRC. Beizi Investment is wholly-owned by 北京市工程諮詢有限公司 (Beijing Engineering Consulting Company Limited\*) which is a state-owned company in the PRC. It provides comprehensive engineering consulting service. Beizi Investment and its ultimate beneficial owner are Independent Third Parties.

### **MOST Innovation Fund Management Centre**

MOST Innovation Fund Management Centre was established by the State Council of the PRC in 1999. Its objective and scope of business are management of innovation funds and promotion of technological innovation for small and medium-size enterprises.

### **Shougang Fund**

Shougang Fund is a company established in the PRC with limited liability and is principally engaged in the investment, management and advisory services of non-securities businesses.

### **Other Equity Holders of Lvjie Fund**

As at the date of this Announcement, (i) 中關村科技園區豐台園科技創業服務中心 (Zhongguancun Science and Technology Park Fengtai Park Technology Entrepreneurship Service Center\*, "**Zhongguancun Entrepreneurship Service Centre**"), a state-owned public institution in the PRC, holds approximately 8.76% equity interest in Lvjie Fund. Its purpose and business scope are to provide housing, talents, exhibition and training, internationalization, capital, information and technical services for technology companies; (ii) 北京富豐投資有限責任公司 (Beijing Fufeng Investment Co., Ltd. \*, "**Fufeng Investment**"), a state-owned company in the PRC, holds approximately 8.76% of equity interest in Lvjie Fund. It is a limited liability company established in the PRC and is principally engaged in real estate development, investment and asset management, investment

consulting, economic information consulting and business management services in the PRC; and (iii) 北京市中小企業服務中心 (Beijing Municipal Service Center for Small and Medium Enterprises\*, “SMEs Centre”), a state-owned public institution in the PRC, holds approximately 17.52% equity interest of Lvjie Fund. It provides policy guidance, restructuring and entrepreneurship consultancy services for small and medium-sized enterprises and private enterprises in Beijing.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Zhongguancun Entrepreneurship Service Centre, Fufeng Investment and SMEs Centre and their ultimate beneficial owners are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

As at the date hereof, Shougang Group indirectly holds approximately 35.95% of the issued Shares and is therefore a controlling shareholder and a controller of the Company within the meaning of the Listing Rules. Shougang Fund is a wholly-owned subsidiary of Shougang Group and holds approximately 52.57% equity interest in Lvjie Fund and is therefore a substantial shareholder of Lvjie Fund. Accordingly, the Acquisition constitutes a connected transaction of the Company pursuant to Rule 14A.28(1) of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Acquisition are more than 0.1% but all are less than 5%, the Acquisition is subject to the announcement and reporting requirements but is exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Mr. Zhao Tianyang, Mr. Xu Liang and Mr. Liang Hengyi, by virtue of their connection with Shougang Group, have abstained from voting on the Board resolutions proposed to approve the Agreement and the transactions contemplated thereunder (including the Acquisition). Save as disclosed, none of the Directors has any material interest in the Agreement and the transactions contemplated thereunder.

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 terms of the Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms and in the ordinary and usual course of business of the Group and the terms thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **ADDITIONAL INFORMATION IN RELATION TO CONTINUING CONNECTED TRANSACTION**

Reference is made to the announcement of the Company dated 28 October 2020 in relation to the entering into of the parking lots cooperation agreement between 首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd.\*), an indirect wholly-owned subsidiary of the Company, and 北京首獅昌泰商貿有限公司 (Beijing Shoushi Changtai Trading Co., Ltd.\*, “Shoushi Changtai”).

The Company wishes to provide additional information on the identity of the ultimate beneficial owners of Shoushi Changtai.

To the best of the knowledge, information and belief of the Directors having made all

reasonable enquiry, Shoushi Changtai is owned as to approximately (i) 27.70% by 泰康人壽保險有限責任公司 (Taikang Life\*), which is wholly-owned by Taikang Insurance Group, a company principally engaging in insurance, asset management and health and elderly care. Taikang Insurance Group is held by 20 corporate shareholders, including various limited partnerships, public and private companies; (ii) 11.08% by 北京煜盈資產管理有限公司 (Beijing Yuying Asset Management\*), principally engaging in investment, and the ultimate beneficial owner of which is Zhao Mei, (iii) 1.55% by 北京獅澤投資諮詢有限公司 (Beijing Shize Investment and Consulting Limited\*), principally engaging in investment and consulting, and the ultimate beneficial owner of which is Tishman Speyer China Manager, L.L.C. (iv) 1% by 成都武侯資本投資管理集團有限公司 (Wuhou Capital\*), a state-owned company in the PRC engaging in investment, (v) 9.81% by the Group and (vi) 48.86% by Shougang Group.

## DEFINITIONS

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

“Acquisition”	the acquisition of approximately 11.22% of the equity interest in Lvjie Fund by Jingxi Venture from MOST Innovation Fund Management Centre;
“Agreement”	the agreement dated 9 November 2020 entered into among Jingxi Venture, MOST Innovation Fund Management Centre and Lvjie Fund in relation to the Acquisition;
“Board”	the board of Directors;
“Company”	Shoucheng Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 697);
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company;
“Jingxi Venture”	北京京西創業投資基金管理有限公司 (Beijing Jingxi Venture Capital Fund Management Co., Ltd.*), a limited liability company established in the PRC, which is owned as to 90% by the Company’s indirect wholly-owned subsidiary and 10% by Beizi Investment ;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Lvjie Fund”	北京首鋼綠節創業投資有限公司 (Beijing Shougang Lvjie Venture Capital Co., Ltd.*), a limited liability company established in the PRC, which is owned as to approximately 52.57% by Shougang Fund, 11.22% by MOST Innovation Fund Management Centre, 1.17% by Jingxi Venture, 8.76% by Zhongguancun Entrepreneurship Service Centre, 8.76% by Fufeng Investment and 17.52% by SMEs Centre;
“MOST Innovation Fund Management Centre”	科學技術部科技型中小企業技術創新基金管理中心 (Science and Technology SME Technology Innovation Fund Management Centre, Ministry of Science and Technology*), an institution established by the State Council of the PRC in 1999;
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong and Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“PRC GAAP”	the Generally Accepted Accounting Practices in the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	the ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Shougang Fund”	北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd.*), a limited liability company established in the PRC and a substantial shareholder of the Company;
“Shougang Group”	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a solely state-owned company established in the PRC and a controlling shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 9 November 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*