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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)

**CONNECTED TRANSACTION  
IN RELATION TO  
PROJECT OPERATION AND MAINTENANCE  
ENTRUSTMENT CONTRACT  
AND  
ADDITIONAL INFORMATION IN RELATION TO  
CONTINUING CONNECTED TRANSACTIONS**

**PROJECT OPERATION AND MAINTENANCE ENTRUSTMENT CONTRACT**

On 27 May 2021, Shouzhong Parking, a subsidiary of the Company, entered into the Project Operation and Maintenance Entrustment Contract with Shougang Automation IT under the Project Tender. Pursuant to the Contract, Shouzhong Parking agreed to entrust the provision of the Operation and Maintenance Services under the Project to Shougang Automation IT at the bid-winning price of RMB2,838,736.63.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date hereof, Shougang Group indirectly holds approximately 34.91% of the issued Shares and is a substantial shareholder of the Company. Shougang Automation IT is a 49%-owned associated corporation of Shougang Group and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Therefore, the entering into of the Project Operation and Maintenance Entrustment Contract between Shouzhong Parking and Shougang Automation IT and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios are more than 0.1% but all are less than 5%, the connected transaction is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The principal terms of the Project Operation and Maintenance Entrustment Contract are set out below:

<b>Date</b>	27 May 2021
<b>Parties</b>	Shouzhong Parking; and Shougang Automation IT.
<b>Scope of service</b>	Shouzhong Parking shall entrust the provision of the Operation and Maintenance Services under the Project to Shougang Automation IT to ensure the normal operation of the parking building. Shougang Automation IT shall be responsible for the implementation of the overall daily management of the Project under the supervision, inspection, assessment and guidance of specified personnel assigned by Shouzhong Parking pursuant to the terms of the Contract.
<b>Contract sum</b>	Shouzhong Parking shall pay a total sum of RMB2,838,736.63, being the bid-winning price, to Shougang Automation IT for the provision of the Operation and Maintenance Services under the Contract.  The total contract sum was arrived at by a public tendering process pursuant to the Project Tender, under which Shougang Automation IT was selected by an assessment committee, which consisted of four external experts and one internal staff, as the tender winner having considered various factors, including but not limited to (i) credentials, response to business conditions, and project management abilities of all the tenderers; and (ii) fee quotations.
<b>Term of service</b>	The term of service is 12 months commencing from 1 June 2021 to 31 May 2022 (the “ <b>Contract Term</b> ”).

In addition,

- (i) the period from 1 June 2021 to 31 July 2021 will be the performance evaluation period of Shougang Automation IT; in the case where Shougang Automation IT has failed the relevant performance evaluation, Shouzhong Parking has the right to terminate the Contract;
- (ii) if, during the Contract Term, Shougang Automation IT has attained excellent results from the performance evaluation thrice, priority to renew the

Contract will be granted by Shouzhong Parking by issuing written notification of Contract renewal negotiation to Shougang Automation IT 30 days prior to the expiration of the Contract.

**Payment terms**

Shouzhong Parking shall pay the contract sum to Shougang Automation IT on a monthly basis. Each monthly payment shall be paid within one month after the end of each month during the Contract Term; while the payment for the last month of the Contract Term shall be paid within one month after Shougang Automation IT has completed the handover work with the new supplier. The contract sum will be funded by Shouzhong Parking's internal resources.

**REASONS FOR AND BENEFITS OF THE CONTRACT**

Electromechanical installation systems are the basic elements of normal and efficient operation of parking building. High quality operation and maintenance service is indispensable to improve the operation efficiency and service quality of parking building.

In terms of service concept, Shougang Automation IT is determined to become a leading smart city integrated service provider in the PRC, which complements the Company's commitment to providing users with efficient and comfortable service experience through standardized and large-scale operation mode. Having such consistent concept will strengthen the cooperation between Shougang Automation IT and the Company, and therefore promote a smooth development in parking building operation and maintenance services.

In terms of service capability, Shougang Automation IT is a high-tech enterprise integrating information planning and implementation, automation system design, system integration and technical services. It has excellent capabilities in intelligent building operation and maintenance, intelligent building weak current system integration and communication infrastructure construction etc., which lays a solid foundation for providing high-quality operation and maintenance services for the Company.

In terms of service experience, Shougang Automation IT has provided services for Beijing's sub-city center in Tongzhou district, Shougang Winter Olympic Park and other projects, accumulating extensive technical experience. At the same time, it has participated in the construction of intelligent parking system project of parking building of Beijing Daxing International Airport and has a good understanding of the site conditions and various electromechanical systems, which is conducive to strengthening cooperation with other service suppliers of parking building, and improving the efficiency of on-site work and parking building operation.

The cooperation will strengthen the Group's lean operation in the parking building of Beijing Daxing International Airport through the technological and comprehensive operation and maintenance services provided by Shougang Automation IT, so as to improve the Company's operation management efficiency and customer experience.

## **INFORMATION ON THE GROUP AND THE PARTIES**

The Group mainly focuses on the parking business and infrastructure and real estate fund management business.

Shouzhong Parking, principally engaged in management of motor vehicle parking, is a company established in the PRC with limited liability. It is held as to 99.18% by the Group and 0.82% by Jingtai Anda.

Jingtai Anda is a limited liability company established in the PRC and is principally engaged in static traffic technology, static traffic investment and financing, static traffic construction and static traffic operation management. It is ultimately owned by 北京市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government\*).

Shougang Automation IT is a company established in the PRC with limited liability and is principally engaged in four-level automation system and high-quality production maintenance and system integration technology. It is held as to 49% by Shougang Group and the remaining 51% by Independent Third Parties, being 25.0625% by Mr. Zhang Zongxian, 6.4375% by Mr. She Guoping, 5.8125% by Mr. Liu Yingfeng, 3.5% by Mr. Li Zhenxing, 3.125% by Mr. Jiang Peng, 3.125% by Mr. Hu Pijun, 2.25% by Mr. Liu Tao and 1.6875% by Mr. Li Teng.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Zhang Zongxian, Mr. She Guoping, Mr. Liu Yingfeng, Mr. Li Zhenxing, Mr. Jiang Peng, Mr. Hu Pijun, Mr. Liu Tao and Mr. Li Teng are Independent Third Parties.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date hereof, Shougang Group indirectly holds approximately 34.91% of the issued Shares and is a substantial shareholder of the Company. Shougang Automation IT is a 49%-owned associated corporation of Shougang Group and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Therefore, the entering into of the Project Operation and Maintenance Entrustment Contract between Shouzhong Parking and Shougang Automation IT and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios are more than 0.1% but all are less than 5%, the connected transaction is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Zhao Tianyang and Mr. Xu Liang, by virtue of their connection with Shougang Group, have abstained from voting on the Board resolutions proposed to approve the Contract and the transactions contemplated thereunder. Save as disclosed, none of the Directors has any material interest in the Contract 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 Contract are fair and reasonable and that the entering into of the Contract is on normal commercial terms and in the ordinary and usual course of business of the Group and in the

interests of the Company and its shareholders as a whole.

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

Reference is made to the announcement of the Company dated 29 March 2021 (the “**Announcement**”) in relation to the continuing connected transactions pursuant to Rule 14A.60(1) of the Listing Rules. Capitalized terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

The Company wishes to provide some additional information on the Guangzhou Carpark Sales Agreement, the Foshan Carpark Sales Agreement and the Guangzhou Carpark Management Agreement II (the “**Subject Agreements**”).

### **The terms of the Subject Agreements:**

	<b>Basis of consideration under the agreement as disclosed in the Announcement</b>	<b>Fixed formula with a fixed volume</b>
<b>Guangzhou Carpark Sales Agreement:</b>	<p>(i) Annual sales commission fee representing 3.6% to 5% (the “<b>Fixed Sales Commission Ratio</b>”) of the annual sales revenues generated from the sales of the carpark; and</p> <p>(ii) A fixed amount of monthly operating expenses.</p>	<p>The number of carpark spaces under the agreement is fixed at 7,727.</p> <p>The Fixed Sales Commission Ratio, being 3.6%, 4%, 4.5% or 5%, applicable for a particular calendar year is pre-determined in the agreement; and based on the number of carpark spaces sold and sales revenue for a particular calendar year.</p> <p>The aforementioned number of carpark spaces and sales revenue to determine the Fixed Sales Commission Ratio are fixed and specified in the agreement.</p>
<b>Foshan Carpark Sales Agreement:</b>	Same as above.	Same as above, except that the number of carpark spaces under the agreement is fixed at 2,067.

**Guangzhou  
Carpark  
Management  
Agreement II:**

- (i) Property service fee of RMB120 to RMB150 per every unsold carpark spaces of the Guangzhou Carpark Spaces; and
- (ii) Entrusted management service fee representing 10% of the revenue from operating the Guangzhou Carpark Spaces.

The number of carpark spaces under the agreement is fixed at 4,324.

The Guangzhou Carpark Management Agreement II has set out the fixed property service fee per unit of unsold carpark spaces, which is RMB120 (for 4,209 carpark spaces) and RMB150 (for 115 carpark spaces) (the “**Fixed Unit Service Fee**”).

The entrusted management service fee is based on a fixed percentage of 10% of the revenue generated from operating the unsold carpark spaces (“**Fixed Revenue Sharing Ratio**”).

Based on the above, each of the Subject Agreements is an agreement with fixed terms as:

- (i) the consideration under the Subject Agreements are determined based on a fixed formula of Fixed Sales Commission Ratio, Fixed Unit Service Fee and Fixed Revenue Sharing Ratio; and
- (ii) the number of carpark spaces under each of the Subject Agreements is fixed.

**The Guangzhou Carpark Management Agreement II**

The end date of the Guangzhou Carpark Management Agreement II is expected to be 31 December 2025.

**DEFINITIONS**

Unless the context otherwise requires, capitalised terms used in this announcement 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;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company;
“Jingtai Anda”	北京靜態交通安達停車管理有限公司 (Beijing Static Traffic Anda Parking Management Co., Ltd.*), a limited liability company established in the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Operation and Maintenance Services”	provision of operation and maintenance services to all electromechanical installation systems (except firefighting systems and elevators) in the Service Area, including the power supply and distribution system, building automation system, air conditioning system, monitoring system, broadcasting system, clock display system, access control system, large-screen visual display system, UPS management system, water supply and drainage heating system, intelligent parking management system, charging pile system, weak current communication system, and integrated wiring of the building;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Project”	the provision of Operation and Maintenance Services at the Service Area in Beijing Daxing International Airport;
“Project Operation and Maintenance Entrustment Contract” or “Contract”	the contract dated 27 May 2021 entered into between Shouzhong Parking and Shougang Automation IT in respect of the entrusting of the provision of the Operation and Maintenance Services under the Project;
“Project Tender”	the public tender for the Project conducted by a tendering agent named 中化商務有限公司 (Sinochem Business Co., Ltd.*), a limited liability company established in the PRC and an Independent Third Party;
“RMB”	Renminbi, the lawful currency of the PRC;
“Service Area”	the four floors of the parking building in Beijing Daxing International Airport, three of which are above ground and one of which is underground with a total construction area of 250,000 square meters; comprising a total of 4,228 parking spaces, and including the toll station of the

entrance and exit of the parking building, the two internal corridors connecting the parking building and the toll station, and nearly 10,000 square meters of convenient service area and indoor and outdoor advertising;

“Share(s)”	ordinary share(s) of the Company;
“Shougang Group”	首鋼集團有限公司 (Shougang Group Co., Ltd.*), a state-owned enterprise established in the PRC and a substantial shareholder of the Company;
“Shougang Automation IT”	北京首鋼自動化信息技術有限公司 (Beijing Shougang Automation Information Technology Co., Ltd.*), a limited liability company established in the PRC, which is held as to 49% by Shougang Group and the remaining 51% by the Independent Third Parties;
“Shouzhong Parking”	北京首中停車管理有限公司 (Beijing Shouzhong Parking Management Co., Ltd.*), a limited liability company established in the PRC, which is held as to 99.18% by the Company and 0.82% by Jingtai Anda as at the date of the Contract;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 27 May 2021

*As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Xu Liang, Mr. Li Wei (President) 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*