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首程控股有限公司
SHOUCHENG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 697)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
FUND MANAGEMENT SERVICE AGREEMENT**

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 18 November 2019 in relation to the Existing Fund Management Service Agreement with Shougang Fund.

As the Existing Fund Management Service Agreement will expire on 31 December 2024, on 22 November 2024, the Company entered into the New Fund Management Service Agreement with Shougang Fund to continue the continuing connected transactions thereunder.

LISTING RULES IMPLICATIONS

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

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps under the New Fund Management Service Agreement are more than 5%, the New Fund Management Service Agreement and the transactions contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been formed pursuant to the requirements of the Listing Rules to advise the Independent Shareholders as to whether the terms of the New Fund Management Service Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the GM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GM

The GM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps) by way of an ordinary resolution. As at the date of this announcement, Shougang Group, through its indirect subsidiaries China Gate Investments Limited, Lyre Terrace Management Limited and Jingxi

Holdings Limited, holds 1,817,411,917 Shares, representing approximately 24.94% of the total number of Shares in issue. The above Shareholders will abstain from voting at the GM in respect of the resolution to approve the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps). As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed herein, no other Shareholders will be required to abstain from voting in respect of the relevant resolution.

A circular containing, among other things, (i) detailed information about the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the GM, is expected to be despatched to the Shareholders on or before 13 December 2024 in accordance with the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 18 November 2019 in relation to the Existing Fund Management Service Agreement with Shougang Fund.

As the Existing Fund Management Service Agreement will expire on 31 December 2024, on 22 November 2024, the Company entered into the New Fund Management Service Agreement with Shougang Fund to continue the continuing connected transactions thereunder.

THE NEW FUND MANAGEMENT SERVICE AGREEMENT

Principal terms of the New Fund Management Service Agreement are set out below:

- Date : 22 November 2024
- Parties : (1) the Company; and
(2) Shougang Fund
- Subject matter : The Company and/or its subsidiaries will provide private fund management services (including closely related services arising from fund management, depending on the specific transaction) to Shougang Fund and/or its associates.
- Pricing Terms : The provision of private fund management services shall be charged as follows:
- (i) in respect of infrastructure asset management related funds, in the range of 0.1% to 2% of the capital commitment, paid-in capital contribution, net value or Investment Amount/Investment Costs of the fund per year (as determined under the individual fund transaction documents); and
 - (ii) in respect of other funds, in the range of 0.5% to 2% of the capital commitment, paid-in capital contribution, net value or Investment Amount/Investment Costs of the fund per year (as determined under the individual fund transaction documents),
- which was determined with reference to the prevailing market prices offered by the other private fund management companies for the same and similar scope of service, the cost of providing fund management service, and the maximum fund management fee as approved by the finance authorities in the PRC for certain funds (if applicable).

In the event a fund managed by the Company or its subsidiaries (the “**Participating Fund**”) invests in another fund established under the New Fund Management

Service Agreement as investor, the Participating Fund will not be charged management fees in respect of its portion of investment in the latter fund.

The infrastructure asset management related funds managed by the Group adhere to the principle of “long-term investment, value investment”. These funds primarily invest in high-quality infrastructure assets that offer long-term investment value, stable returns, and generate consistent distributable cash flows. Through the Group's long-term experience in infrastructure financing and operations, coupled with the relatively large size of these funds, the Group is able to achieve economies of scale, which may help lower management fees.

On the contrary, the provision of fund management service to other types of funds requires specialized management and industry-specific strategy for each type of fund to cater for their industry needs. The cost of managing those funds are expected to be higher than managing infrastructure asset management related funds.

The actual percentage of management fee will be determined with reference to (i) the operation cost of providing fund management service to the relevant fund, (ii) the complexity of strategy required by the relevant fund, and (iii) the management fee agreed among parties to the partnerships after arm's length negotiation. In any event, the fee to be charged by the Group to Shougang Fund and/or its associates will not be more favourable than that charged to independent funds.

Term : Subject to the fulfilment of the condition precedent, from 1 January 2025 to 31 December 2027.

Condition Precedent : The obligations of the parties to the New Fund Management Service Agreement shall be conditional upon the relevant requirements under the Listing Rules having been satisfied, including approval of the Independent Shareholders at the GM on the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps).

If the above condition precedent is not fulfilled on or before 31 May 2025, or such other later date as may be agreed between the parties, the New Fund Management Service Agreement will be automatically terminated. In such case, the obligations of the parties shall be discharged and neither of the parties shall be liable for breach of the New Fund Management Service Agreement.

Historical Amounts

The historical transaction amounts and annual caps for the four years ended 31 December 2023 and the six months ended 30 June 2024 relating to the transactions under the Existing Fund Management Service Agreement are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2023	For the six months ended 30 June 2024
Historical transaction amount	186,668,000	141,163,000	152,216,000	164,130,000	88,193,000
Annual Cap	<u>358,000,000</u>	<u>551,000,000</u>	<u>701,000,000</u>	<u>851,000,000</u>	<u>924,000,000</u>

Proposed Annual Caps and Basis of Determination

The transaction amounts under the New Fund Management Service Agreement during the term of the agreement will not exceed the following annual caps:

	For the year ending 31 December		
	2025	2026	2027
			RMB
Proposed annual caps	214,000,000	155,000,000	110,000,000

As the Group will actively leverage its fund management role, focusing on promoting project investment and management work of the existing funds under the Existing Fund Management Service Agreement, the proposed annual caps set out above are determined with reference to:

- (i) the historical transaction amounts under the Existing Fund Management Service Agreement as reflected in the section headed “Historical Amounts” of this announcement;
- (ii) the expected increase in the size of capital contributions or investments during the term of the New Fund Management Service Agreement, as some of the existing funds are in their investment periods;
- (iii) according to the relevant partnership agreements of existing funds, some of the existing funds will gradually enter the exit period or terminate upon the expiration of their terms over the next three years. During the exit period, most fund management fees will be calculated based on the relevant investment capital of investment projects that have not yet exited. Therefore, as the fund manager actively promotes project exits, the calculation base for fund management fees will gradually decrease; and
- (iv) since 2019, the Group has actively explored external fundraising channels, resulting in a more diversified and enriched investor base for its managed funds. Looking ahead, the Group will continue to leverage its accumulated experience and professional capabilities in fund management services to further enhance its market-oriented fundraising efforts, gradually reduce the occurrence of connected transactions, and promote greater cooperation with external investors for fund management services.

INTERNAL CONTROL MEASURES

The internal control measures on determining the management fee to be charged for the provision of fund management service under the New Fund Management Service Agreement are as follows:

Prior to entering into the individual partnership agreements with Shougang Fund and/or its associates, the business operation department of the Company must (i) consider the prevailing market prices offered by the other private fund management companies for the same and similar scope of service, (ii) be satisfied that the fee to be charged with Shougang Fund and/or its associates under the individual partnership agreements will not be more favourable than such prevailing market prices, and (iii) be satisfied that the actual percentage of management fee is determined in accordance with the pricing terms set out in the New Fund Management Service Agreement. In any event, the fee to be charged by the Group to Shougang Fund and/or its associates will not be more favourable than that charged to independent funds.

The internal control measures on monitoring the proposed annual caps under the New Fund Management Service Agreement are as follows:

1. The Company’s finance department regularly monitors the aggregate amount of continuing connected transactions carried out under the New Fund Management Service Agreement. In the event that the fees incurred and to be incurred for such services are expected to reach the proposed caps, the Company’s finance department will follow up immediately by reporting and providing a response to the Company’s

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

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FUND MANAGEMENT SERVICE AGREEMENT

The Group is committed to becoming a sustainable infrastructure asset transformer and service provider by offering leading infrastructure asset management services. Among these, private fund management services form the core foundation of the Company's asset operations and FIME ("fundraising, investment, management and exit") business and play a crucial role in the Group's "Asset Circulation + Strong Operations" business model. The fund management services under the New Fund Management Service Agreement are aligned with the Group's business strategy. While continuing to generate revenue for the Group, the private fund management services also help uncover more potential business opportunities in asset circulation and operations, based on the foundation of asset management.

From the existing cooperation, the participation of Shougang Fund and/or its associates in the funds managed by the Company and/or its subsidiaries has provided confidence to other investors, assisting the Group in raising more capital from external investors for the funds it manages. The entering into of the New Fund Management Service Agreement will help reduce the time spent on negotiations and transaction costs involved in the ongoing transactions between the contracting parties, thereby promoting a long-term and stable cooperative relationship between the Company and the relevant funds.

Looking ahead, as the Company gradually expands its assets under management in fund management services and accumulates more management experience, the Company will actively develop external channels, promote market-oriented fundraising, and attract a higher proportion of external social capital. The cooperation in fund management services will bring continuous revenue to the Group during the course of its daily operations, contributing to the maximization of overall returns for the Company and its Shareholders.

In view of the above reasons, the Directors (excluding the Directors who have abstained from voting on the relevant Board resolutions and the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) consider that the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable, are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

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

Shougang Fund and Shougang Group

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

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

LISTING RULES IMPLICATIONS

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

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed annual caps under the New Fund Management Service Agreement are more than 5%, the New Fund Management Service Agreement and the transactions contemplated thereunder are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements 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 New Fund Management Service Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the New Fund Management Service Agreement and the transactions contemplated thereunder and therefore none of the Directors has been required to abstain from voting on the relevant Board resolutions.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been formed pursuant to the requirements of the Listing Rules to advise the Independent Shareholders as to whether the terms of the New Fund Management Service Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the GM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GM

The GM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps) by way of an ordinary resolution. As at the date of this announcement, Shougang Group, through its indirect subsidiaries China Gate Investments Limited, Lyre Terrace Management Limited and Jingxi Holdings Limited, holds 1,817,411,917 Shares, representing approximately 24.94% of the total number of Shares in issue. The above Shareholders will abstain from voting at the GM in respect of the resolution to approve the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps). As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed herein, no other Shareholders will be required to abstain from voting in respect of the relevant resolution.

A circular containing, among other things, (i) detailed information about the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the GM, is expected to be despatched to the Shareholders on or before 13 December 2024 in accordance with the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 24 December 2024 to Tuesday, 31 December 2024 (both days inclusive) to determine the entitlement to attend and vote at the GM. During such

period no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the GM, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 23 December 2024 for registration.

DEFINITIONS

In this announcement, the following expressions have the following respective meanings set adjacent below, unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Fund Management Service Agreement”	the private fund management service agreement dated 18 November 2019 entered into between the Company and Shougang Fund in respect of the provision of private fund management services by the Company and/or its subsidiaries to Shougang Fund and/or its associates
“GM”	the general meeting of the Company to be convened on Tuesday, 31 December 2024 for the purpose of considering and, if thought fit, approving the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Ms. Zhuge Wenjing, which has been formed to advise the Independent Shareholders on matters in relation to the New Fund Management Service Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the New Fund Management Service Agreement
“Independent Shareholders”	Shareholders, other than the Shareholders who have a material interest in the New Fund Management Service Agreement and the transactions contemplated thereunder (including Shougang Group and its associates)
“Investment Amount”	the amount of investment that the fund's investment decision-making body has agreed to invest in the investee company, or the investment amount that has

	actually been paid to the investee company (as determined in accordance with the relevant fund transaction documents)
“Investment Cost”	the amount of investment and related costs, fees and other expenses actually paid by the fund to the investee company (as determined in accordance with the relevant fund transaction documents)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Fund Management Service Agreement”	the private fund management service agreement dated 22 November 2024 entered into between the Company and Shougang Fund in respect of the provision of private fund management services (including closely related services arising from fund management, depending on the specific transaction) by the Company and/or its subsidiaries to Shougang Fund and/or its associates
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shougang Fund”	Beijing Shougang Fund Co., Ltd.* (北京首鋼基金有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shougang Group
“Shougang Group”	Shougang Group Co., Ltd.* (首鋼集團有限公司), a state-owned enterprise established in the PRC and a substantial Shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiar(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 22 November 2024

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman) and Mr. Xu Liang as Executive Directors; Mr. Wu Lishun, Mr. Li Hao (Vice Chairman), Mr. Peng Jihai, Mr. Ho Gilbert Chi Hang and Mr. Liu Jingwei as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Ms. Zhuge Wenjing as Independent Non-executive Directors.

**For identification purposes only*