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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Shoucheng Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
THE PROPOSED RESTRUCTURING  
AND  
NOTICE OF GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



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Capitalised terms used in this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 15 of this circular and a letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 49 of this circular.

A notice convening the GM to be held at 10:00 a.m. on Monday, 27 January 2025 at Conference Room 901, Building 2, West 10th Winter Olympic Square, Liaocang Road, Shougang Park, No. 68 Shijingshan Road, Shijingshan District, Beijing, China is set out on pages GM-1 to GM-2 of this circular. Whether or not you are able to attend the meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the meeting (i.e., at or before 10:00 a.m. on Friday, 24 January 2025) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

11 January 2025

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	5
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	16
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	18
<b>APPENDIX I – FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II – GENERAL INFORMATION</b> .....	II-1
<b>NOTICE OF GM</b> .....	GM-1

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“associate(s)”	has the meanings ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong, the PRC and the BVI
“BVI”	the British Virgin Islands
“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
“Completion”	completion of the Proposed Restructuring
“Conditions”	has the meaning ascribed to it under the section headed “The Proposed Restructuring – Conditions” in the “Letter from the Board” in this circular
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“connected transaction(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GM”	the general meeting of the Company to be convened at 10:00 a.m. on Monday, 27 January 2025 at Conference Room 901, Building 2, West 10th Winter Olympic Square, Liaocang Road, Shougang Park, No. 68 Shijingshan Road, Shijingshan District, Beijing, China for the purpose of considering and, if thought fit, approving, among others things, the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all 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 Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder
“Independent Shareholders”	the Shareholders other than (i) any Shareholder who has a material interest in the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder other than its interest as a Shareholder and (ii) any close associate of such Shareholder referred to in (i)
“Last Trading Date”	17 December 2024, being the last full trading day of the Shares immediately preceding the date of the Sale and Purchase Agreement
“Latest Practicable Date”	7 January 2025, being the latest practicable date for the purpose of ascertaining certain information contained herein
“Long Stop Date”	30 June 2025, or any other date as agreed in writing between Shougang Holding and the Vendor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“PRC”	the People’s Republic of China, which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Restructuring”	the disposal by the Company of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“Sale and Purchase Agreement”	a sale and purchase agreement dated 18 December 2024 entered into between Shougang Holding and the Vendor in relation to the Proposed Restructuring
“Sale Shares”	606,927,640 Shougang Resources Shares, representing approximately 11.92% of the entire issued share capital of Shougang Resources as at the Latest Practicable Date, and each Shougang Resources Share subject to the Proposed Restructuring being a “Sale Share”
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of Shares
“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
“Shougang Holding”	Shougang Holding (Hong Kong) Limited (首鋼控股(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Shougang Group
“Shougang Resources”	Shougang Fushan Resources Group Limited (stock code: 0639), 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

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## DEFINITIONS

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“Shougang Resources Share(s)”	the ordinary share(s) of Shougang Resources
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Sunshine Asset Management”	Sunshine Asset Management Corporation Limited* (陽光資產管理股份有限公司), a joint stock company established in the PRC with limited liability
“Vendor”	Fine Power Group Limited, a company indirectly wholly-owned by the Company
“%”	per cent.

\* *In this circular, the English translation of certain Chinese names, entities and addresses is included for information purpose only and should not be regarded as official English translation of such Chinese names, entities and addresses.*

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Zhao Tianyang (*Chairman*)

Mr. Xu Liang

*Non-executive Directors:*

Mr. Wu Lishun

Mr. Li Hao (*Vice Chairman*)

Mr. Peng Jihai

Mr. Ho Gilbert Chi Hang

Mr. Liu Jingwei

*Registered Office:*

7th Floor

Bank of East Asia

Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

*Independent Non-executive Directors:*

Dr. Wang Xin

Mr. Choi Fan Keung Vic

Mr. Deng Yougao

Ms. Zhang Quanling

Ms. Zhuge Wenjing

11 January 2025

*To the Shareholders*

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO  
THE PROPOSED RESTRUCTURING  
AND  
NOTICE OF GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 18 December 2024 in relation to the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) detailed information about the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder; (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.

### **THE PROPOSED RESTRUCTURING**

On 18 December 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Shougang Holding, a connected person of the Company, pursuant to which the Vendor has conditionally agreed to sell, and Shougang Holding has conditionally agreed to purchase, the Sale Shares, being 606,927,640 Shougang Resources Shares (representing approximately 11.92% of all issued shares of Shougang Resources as at the Latest Practicable Date), at a consideration of HK\$1,456,626,336 (representing HK\$2.40 per Sale Share).

The principal terms of the Sale and Purchase Agreement are set out below.

### **The Sale and Purchase Agreement**

#### ***Date***

18 December 2024

#### ***Parties***

- (1) the Vendor as vendor; and
- (2) Shougang Holding as purchaser

Shougang Holding is a wholly-owned subsidiary of Shougang Group, the substantial Shareholder. Accordingly, Shougang Holding is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

#### ***Subject matter***

The Vendor has conditionally agreed to sell, and Shougang Holding has conditionally agreed to acquire, the Sale Shares, being 606,927,640 Shougang Resources Shares (representing approximately 11.92% of all issued shares of Shougang Resources as at the Latest Practicable Date).

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## LETTER FROM THE BOARD

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### *Consideration*

The consideration of HK\$1,456,626,336 (representing HK\$2.40 per Sale Share) was agreed after arms' length negotiations between the Vendor and Shougang Holding and having taken into account the recent market price of Shougang Resources Shares and the trading liquidity of Shougang Resources Shares.

The consideration of HK\$2.40 per Sale Share represents:

- (i) a discount of approximately 6.98% to the closing price of HK\$2.58 per Shougang Resources Share as quoted on the Stock Exchange as at the Last Trading Date;
- (ii) a discount of approximately 8.75% to the average closing price of HK\$2.63 per Shougang Resources Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 10.78% to the average closing price of HK\$2.69 per Shougang Resources Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date.

The consideration is to be settled by way of cash upon Completion.

On the above basis and taking to account the significant pressure on the stock price of Shougang Resources if the Sale Shares were disposed in the secondary market as the scale of the Proposed Restructuring is relatively large, the Directors (including the members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee, but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### *Conditions*

Completion is subject to and conditional upon the fulfilment (or waiver thereof, if applicable) of following conditions precedent (the "**Conditions**"):

- (i) the approval from the Independent Shareholders of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder at the GM convened in accordance with the Listing Rules, and such approval remaining valid, effective and not having been rescinded or revoked;
- (ii) the filing, registration or approval, as applicable, with or by the State-Owned Assets Supervision and Administration Commission of the State Council of PRC, or its local authorities, and such other applicable PRC governmental approvals in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder having been obtained or completed, and such filing, registration or approval, as applicable, remaining valid, effective and not having been rescinded or revoked;

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## LETTER FROM THE BOARD

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- (iii) the representations, warranties and undertakings made in respect of the Vendor and the Sale Shares are true, accurate and not misleading in any material respects; and
- (iv) the representations, warranties and undertakings made in respect of Shougang Holding are true, accurate and not misleading in any material respects under the Sale and Purchase Agreement.

Conditions (i) and (ii) are non-waivable. Conditions (iii) and (iv) may be waived in whole or in part by Shougang Holding and the Vendor respectively. If any of the Conditions are not fulfilled or waived (as the case may be) on or before the Long Stop Date or such later date as the parties may agree in writing, the Sale and Purchase Agreement shall automatically lapse and be of no further force and effect; and neither party shall have any claim against the other save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement pursuant to the provisions expressly stated to continue without limit in time. As at the Latest Practicable Date, none of the Conditions has been satisfied.

### ***Completion***

Completion shall take place on the fifteenth (15th) Business Day after the date (not being later than the Long Stop Date) on which the last of the Conditions is satisfied or waived (as the case may be), or such other date as Shougang Holding and the Vendor may agree in writing.

### **INFORMATION OF THE PARTIES**

#### ***Shougang Holding and Shougang Group***

Shougang Holding is a company incorporated in Hong Kong with limited liability which is principally engaged in investment holding. It is a wholly-owned subsidiary of Shougang Group.

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.

#### ***The Group and the Vendor***

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.

The Vendor is a company incorporated in BVI and is an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding.

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## LETTER FROM THE BOARD

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### *Shougang Resources*

Shougang Resources is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0639). Shougang Resources and its subsidiaries are principally engaged in coking coal mining, production and sales of coking coal products.

### *Financial Information of Shougang Resources*

According to the annual report of Shougang Resources for the year ended 31 December 2023, the audited consolidated financial results of Shougang Resources and its subsidiaries for the two financial years ended 31 December 2022 and 2023 are as follows:

### *Financial Highlights*

	<i>HK('000)</i> <i>(approximately)</i>	
	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>
Revenue	8,214,719	5,891,068
Profit before tax	4,625,893	3,218,917
Profit after tax	3,308,155	2,300,938
	<b>As at 31 December 2022</b>	<b>As at 31 December 2023</b>
Total assets	23,463,484	22,491,544
Net assets	18,677,219	18,470,518

According to the interim report of Shougang Resources for the six months ended 30 June 2024, as at 30 June 2024, the unaudited consolidated net asset value of Shougang Resources and its subsidiaries was approximately HK\$18,441,618,000.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING

Back to the period from 2009 to 2011, the Group acquired a number of the Shougang Resources Shares (including the Sale Shares). Since 2017, the Company has been firmly committed to strategic transformation, focusing on the development of its infrastructure asset management business. It is dedicated to becoming a leading service provider of core infrastructure assets in China, while gradually divesting remaining non-core assets at the right opportunities.

The Board considers that the current timing is appropriate for the Proposed Restructuring based on the following reasons:

- (i) the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder, which involves the transfer of the Group's interests in Shougang Resources to Shougang Holding, align with the Company's future overall development strategy. This further optimizes the Company's asset structure and marks another significant step on the path of strategic transformation;
- (ii) the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder reflect the Company's strategic consistency and coherence, further demonstrating to strategic and public Shareholders the Company's unwavering commitment to focusing on the development of its core business. At the same time, the Proposed Restructuring is beneficial to replenishing the Company's working capital, aiding the Company in effectively seizing market opportunities. By leveraging high-quality operational services, precise investment capabilities, and a capital recycling model, the Company continuously optimizes its asset structure and enhances asset value, aiming to achieve scaled expansion, thereby creating greater value for shareholders and society; and
- (iii) as elaborated above, it has always been the Company's intent to divest its remaining non-core assets at the right opportunities. Meanwhile, the number of the Sale Shares is significant, representing approximately 11.92% of all issued shares of Shougang Resources as at the Latest Practicable Date and requiring for a cash payment of over HK\$1.4 billion. Accordingly, even though the Group has been seeking for potential buyers to dispose of its interests in Shougang Resources, it is not easy to find a suitable buyer in the market. It was not until November 2024 that the Company received an offer from Shougang Holding regarding the Proposed Restructuring. The Proposed Restructuring represents a rare and good opportunity for the Company to divest its investments in Shougang Resources.

After arm's length negotiation and taking into account their respective commercial plans and considerations, the parties reached a consensus on the sale and purchase of 606,927,640 Sale Shares. For the remaining approximately 3.30% of all issued shares of Shougang Resources, the Company will look for potential buyers when and where appropriate.

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## LETTER FROM THE BOARD

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In view of the above, the Board (including the members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee, but excluding the Directors who have abstained from voting on the relevant Board resolutions) are of the view that although the Proposed Restructuring is not conducted in the ordinary and usual course of business of the Company due to its transaction nature, the terms of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are fair and reasonable and that the entering into of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

### **FINANCIAL EFFECT OF THE PROPOSED RESTRUCTURING**

As at the Latest Practicable Date, the Company is indirectly interested in approximately 15.22% of all issued shares of Shougang Resources, out of which approximately 11.92% of all issued shares of Shougang Resources are held by the Vendor. Immediately after Completion, the Vendor will cease to have any interest in the Sale Shares and the remaining interest held by the Company in Shougang Resources will decrease to approximately 3.30% of all issued shares of Shougang Resources assuming there is no other change in the share capital of Shougang Resources before the Completion.

#### ***Earnings***

After taking into account the accounting policy of the Company, the Company has elected to measure Shougang Resources Shares at fair value. The fair value changes arose from the difference between the consideration of the Sale Shares and the book value of the Sale Shares of Last Trading Date are presented in other comprehensive income. The fair value changes will not be reclassified to profit or loss after derecognition. The Company does not expect to record any gain/loss from the Proposed Restructuring in profit or loss.

#### ***Assets and liabilities***

As at 30 November 2024, the unaudited book value of the Company's interest in the Shougang Resources is approximately HK\$2,037.57 million. The book value of the Sale Shares is approximately HK\$1,596.22 million, being the closing price of HK\$2.63 per Shougang Resources Share on 29 November 2024 as quoted on the Stock Exchange multiplied by the number of Sale Shares. Upon Completion, the Company will receive a cash of approximately HK\$1,456.63 million as consideration, the Company will record a decrease in net assets of approximately HK\$139.59 million, being the fair value changes arose from the difference between the consideration of the Sale Shares and the book value of the Company's interest in the Sale Shares presented in other comprehensive income. Upon Completion, the Company continues to measure the remaining 3.3% of all issued Shougang Resources Shares as financial assets at fair value through other comprehensive income.

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## LETTER FROM THE BOARD

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Shareholders and potential investors should note that the above expected financial effect is for illustrative purposes only. The actual accounting treatment in connection with the Proposed Restructuring may be different from the above and will be determined based on the book value of the Sale Shares at the date of the Completion.

### USE OF PROCEEDS

It is expected that the Company will receive net cash proceeds of approximately HK\$1,456.63 million from the Proposed Restructuring. The Company intends to apply the net proceeds from the Proposed Restructuring on investing in the Group's infrastructure asset management business and general working capital, as follows.

	<b>Proposed use of net proceeds</b>	<b>Intended allocation in proportion to total expected net cash proceeds arising from the Proposed Restructuring</b>	<b>Expected timeline for the use of net proceeds</b>
<i>(i) Invest in the Group's infrastructure asset management business</i>	The Group expects to utilize part of its net cash proceeds towards its infrastructure asset management business.	60%	By the end of 2028
<i>(ii) General working capital</i>	As the scale of business and operations of the Group expands, the Company expects to utilize part of the net cash proceeds to replenish, and where appropriate supplement, the daily general working capital of the Group for the administration expenses of the management of the Group, business development expenses and the payment of dividends.	40%	By the end of 2028

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder exceeds 25% but is less than 75%, the Proposed Restructuring constitutes a major transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as at the Latest Practicable Date, Shougang Group is a substantial Shareholder. As Shougang Holding is a wholly-owned subsidiary of Shougang Group, i.e. an associate of Shougang Group, Shougang Holding is a connected person of the Company under Chapter 14A of the Listing Rules. Hence, the Proposed Restructuring also constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular 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 Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder.

### 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 Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder 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 for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder by way of an ordinary resolution.

A notice convening the GM to be held at 10:00 a.m. on Monday, 27 January 2025 at Conference Room 901, Building 2, West 10th Winter Olympic Square, Liaocang Road, Shougang Park, No. 68 Shijingshan Road, Shijingshan District, Beijing, China is set out on pages GM-1 to GM-2 of this circular for the purpose of considering and, if thought fit, passing the resolution as set out therein.

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## LETTER FROM THE BOARD

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A form of proxy for use by the Shareholders at the GM is enclosed herewith. Whether or not you are able to attend the meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the meeting (i.e., at or before 10:00 a.m. on Friday, 24 January 2025) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting (as the case may be) should you so wish.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). Accordingly, the Company will procure that the chairman of the GM shall demand voting on the resolution set out in the notice of GM be taken by way of poll. The results of the poll will be published on the websites of the Company and the Stock Exchange in accordance with the Listing Rules following the GM.

As at the Latest Practicable Date, 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 Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder. As at the Latest Practicable Date, 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 at the GM.

### **RECOMMENDATION**

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 to 17 of this circular which contains its recommendation to the Independent Shareholders in respect of the Sale and Purchase Agreement and the Proposed Restructuring; and (ii) the letter of advice from the Independent Financial Adviser set out on pages 18 to 49 of this circular which contains, amongst other matters, its advices to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Proposed Restructuring.

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## LETTER FROM THE BOARD

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The Directors (including the members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee, but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that although the Proposed Restructuring is not conducted in the ordinary and usual course of business of the Company due to its transaction nature, the terms of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are fair and reasonable and that the entering into of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the GM.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this circular.

### **WARNING**

**As Completion is subject to the satisfaction (or waiver thereof, if applicable) of the Conditions, the Proposed Restructuring may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

**There is no assurance that any forward-looking statements regarding the business development of the Group in this circular or any of the matters or transactions set out herein are attainable, will actually occur or will be realized or are complete or accurate. The financial and other data relating to the Group as disclosed in this circular has also not been audited or reviewed by its auditors. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place any excessive reliance on the information disclosed herein. Any shareholder or potential investor who is in doubt is advised to seek advice from professional advisors.**

Yours faithfully,  
For and on behalf of  
**Shoucheng Holdings Limited**  
**Zhao Tianyang**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the terms of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder.*



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

11 January 2025

*To the Independent Shareholders*

Dear Sir or Madam,

### MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED RESTRUCTURING

We refer to the circular of the Company to the Shareholders dated 11 January 2025 (the “**Circular**”), to which this letter forms a part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings given to them in the section headed “Definitions” of the Circular.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder as set out on pages 18 to 49 of the Circular and the letter from the Board set out on pages 5 to 15 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder, though not in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder to be proposed at the GM.

Yours faithfully,

For and on behalf of the  
**Independent Board Committee**

**Dr. Wang Xin**

**Mr. Choi Fan Keung Vic**

**Mr. Deng Yougao**

**Ms. Zhang Quanling**

**Ms. Zhuge Wenjing**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



11 January 2025

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED RESTRUCTURING**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 11 January 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 18 December 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Shougang Holding, a connected person of the Company, pursuant to which the Vendor has conditionally agreed to sell, and Shougang Holding has conditionally agreed to purchase, the Sale Shares, being 606,927,640 Shougang Resources Shares (representing approximately 11.92% of all issued shares of Shougang Resources as at the Latest Practicable Date), at a consideration of HK\$1,456,626,336 (representing HK\$2.40 per Sale Share).

As at the Latest Practicable Date, the Company is indirectly interested in approximately 15.22% of all issued shares of Shougang Resources, out of which approximately 11.92% of all issued shares of Shougang Resources are held by the Vendor. Immediately after Completion, the Vendor will cease to have any interest in the Sale Shares and the remaining interest held by the Company in Shougang Resources will decrease to approximately 3.30% of all issued shares of Shougang Resources assuming there is no other change in the share capital of Shougang Resources before the Completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder exceeds 25% but is less than 75%, the Proposed Restructuring constitutes a major transaction of the Company, which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, as at the Latest Practicable Date, Shougang Group is a substantial Shareholder. As Shougang Holding is a wholly-owned subsidiary of Shougang Group, i.e. an associate of Shougang Group, Shougang Holding is a connected person of the Company under Chapter 14A of the Listing Rules. Hence, the Proposed Restructuring also constitutes a connected transaction of the Company, which is subject to the reporting, announcement, circular 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 Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder.

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 Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder 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. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships with or interests in the Company, Shougang Holding, Shougang Group or Shougang Resources that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years prior to the Latest Practicable Date, other than the engagement in November 2024 as the independent financial adviser to the independent board committee and independent shareholders in relation to the entering into of the fund management service agreement (details of which are set out in the circular of the Company dated 9 December 2024, the "**Previous Engagement**"), there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees being paid or payable to us in connection with the Previous Engagement and this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company, Shougang Holding, Shougang Group or Shougang Resources. We do not consider the Previous Engagement would affect our independence to act as the Independent Financial Adviser under the current engagement, and we consider that we are independent pursuant to Rule 13.84 of the Listing Rules. Accordingly, we are qualified to give independent advice in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the management of the Group (the “**Management**”); and (iv) our review of the relevant public information, including but not limited to the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”), the annual report of Shougang Resources for the year ended 31 December 2023 (the “**2023 Shougang Resources Annual Report**”) and the interim report of Shougang Resources for the six months ended 30 June 2024 (the “**2024 Shougang Resources Interim Report**”). We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the Management, for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the GM. We have also assumed that all such statements of belief, opinions and intentions of the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and/or the advisers of the Group. We have also sought and received confirmation from the Management that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the GM.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, conducted any independent investigation into the business and affairs of the Group and Shougang Resources and its subsidiaries (the “**Shougang Resources Group**”), nor have we carried out any independent verification of the information supplied.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*For the six months ended/as at 30 June 2023 and 2024*

As illustrated in the table above, total revenue of the Group increased from approximately HK\$345.2 million for the six months ended 30 June 2023 to approximately HK\$535.8 million for the six months ended 30 June 2024. As disclosed in the 2024 Interim Report, such increase was primarily attributable to (i) the growth of the scale of assets under management of the Group, such as the project of parking operating rights of Guangzhou Baiyun International Airport\* (廣州白雲機場停車場經營權項目) and the car park project of Beijing Fengtai Station\* (北京豐台站停車場項目) that were put into operation at the beginning of the year which have provided strong momentum for the growth of asset operating revenue; and (ii) the increase in scale of funds under management of the Group which resulted in increase in fund management fee income.

Despite the increase in total revenue of the Group, the Group's net profit decreased from approximately HK\$345.6 million for the six months ended 30 June 2023 to approximately HK\$243.9 million for the six months ended 30 June 2024, mainly attributable to (i) the decrease in dividend income; and (ii) the decrease in gain on change in fair value of investment properties.

Total assets of the Group increased from approximately HK\$13,522.5 million as at 31 December 2023 to approximately HK\$14,352.1 million as at 30 June 2024, mainly due to (i) the increase in non-current investments of approximately HK\$1,172.0 million; (ii) the increase in right-of-use assets of approximately HK\$444.9 million; and (iii) the increase in bank balances and cash of approximately HK\$444.3 million, which was partially offset by (i) the decrease in current investments of approximately HK\$1,002.2 million; and (ii) the decrease in time deposits with maturity over three months of approximately HK\$435.6 million.

Total liabilities of the Group increased from approximately HK\$3,481.8 million as at 31 December 2023 to approximately HK\$4,197.2 million as at 30 June 2024, mainly due to (i) the increase in non-current bond payables of approximately HK\$530.6 million; (ii) the increase in non-current lease liabilities of approximately HK\$365.0 million; and (iii) the increase in dividend payables of approximately HK\$160.6 million.

Based on the foregoing, the net assets attributable to owners of the Group increased from approximately HK\$9,923.4 million as at 31 December 2023 to approximately HK\$10,055.4 million as at 30 June 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*For the years ended/as at 31 December 2022 and 2023*

As illustrated in the table above, total revenue of the Group decreased from approximately HK\$1,599.8 million for the year ended 31 December 2022 to approximately HK\$883.5 million for the year ended 31 December 2023. As disclosed in the 2023 Annual Report, such decrease was mainly due to the significant price fluctuations in the secondary market of Real Estate Investment Trusts (“REITs”), which resulted in unrealised loss from the decline in REITs measured at fair value through profit or loss. The unrealised 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 net profit decreased from approximately HK\$914.3 million for the year ended 31 December 2022 to approximately HK\$459.5 million for the year ended 31 December 2023, which was in line with the decrease in revenue.

The net assets attributable to owners of the Group remained relatively stable at approximately HK\$9,927.6 million and HK\$9,923.4 million as at 31 December 2022 and 2023, respectively.

Total assets of the Group decreased from approximately HK\$13,656.2 million as at 31 December 2022 to approximately HK\$13,522.5 million as at 31 December 2023, mainly due to (i) the decrease in bank balances and cash of approximately HK\$1,311.1 million; (ii) the decrease in the current investments of approximately HK\$322.0 million; and (iii) the decrease in the right-of-use assets of approximately HK\$228.4 million, which was partially offset by the increase in time deposits with maturity over three months of approximately HK\$1,600.7 million.

Total liabilities of the Group decreased from approximately HK\$3,632.1 million as at 31 December 2022 to approximately HK\$3,481.8 million as at 31 December 2023, mainly due to the decrease in current borrowings of approximately HK\$424.7 million, which was partially offset by the increase in non-current bond payable of approximately HK\$183.8 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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***(c) Industry overview and prospect of the Infrastructure Asset Management Business***

As disclosed in the 2023 Annual Report and 2024 Interim Report, the Group has adhered to its business model of “asset circulation and operation technology”, which focus on investing in parking and transportation facilities and/or infrastructures. Through effective operation management, the Group has achieved significant expansion in scale and steady growth in performance since 2023. In particular, the Group has successfully won the bid in several crucial projects in core regions in 2023 and 2024, such as the parking operating rights of Guangzhou Baiyun International Airport, the project for the Beijing Fengtai Railway Station carpark and the parking operating rights of the Tibet Lhasa Gonggar Airport, which not only consolidated the Group’s leading position in the transportation hub parking lot asset management business, but also further expanded the scale of the Group’s parking asset management. As disclosed in the 2024 Interim Report, in the first half of 2024, the Group has successfully completed the digital upgrade of the parking management system, which further meet the differentiated operational needs of the Group’s different product lines of parking assets.

According to the Civil Aviation Administration of China (中國民用航空局), the airport passenger throughput of Guangzhou Baiyun International Airport and Tibet Lhasa Gonggar Airport reached approximately 63.2 million and 5.5 million passengers in 2023, respectively. In addition, Guangzhou Baiyun International Airport, being one of the largest international airport in the PRC, has announced its first three quarters performance data on 22 November 2024 and the airport passenger throughput of Guangzhou Baiyun International Airport reached over 56.3 million for the nine months ended 30 September 2024, representing a year-over-year growth of approximately 21.68%. Furthermore, as the PRC economy continues to recover, the passenger throughput of airport and railroad is expected to grow and enable the Group to generate a stable source of income. Based on the data released by Civil Aviation Administration of China, the total passenger throughput of domestic routes was approximately 180.0 million for the nine months ended 30 September 2024, representing a year-on-year growth of approximately 8.3% and the total passenger throughput of international routes was approximately 18.2 million for the nine months ended 30 September 2024, represent a year-on-year growth of approximately 78%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Moreover, according to the statistics published by the National Bureau of Statistics of the PRC (中華人民共和國國家統計局)(the “NBS”), the gross domestic product (“GDP”) of the PRC increased from approximately RMB101.4 trillion for 2020 to approximately RMB126.1 trillion for the year ended 31 December 2023, representing a compound annual growth rate (“CAGR”) of approximately 7.5%. Meanwhile, the number of privately-owned vehicles in the PRC increased from approximately 277.9 million as at 31 December 2022 to approximately 293.6 million as at 31 December 2023, representing an increase of approximately 5.6%. The staggering number of cars within the PRC continues to affect the number of parking spaces available in major cities including Beijing, Guangzhou, Shanghai and Shenzhen. With an increasing number of privately-owned vehicles in the PRC, parking shortages, especially in such major cities, have become a significant issue across the country.

In addition, in view of the significant shortage of parking spaces, the PRC Central Government has proposed a series of guidance and notices in respect of the strengthening of the parking management and facilities since 2015, so as to cope with rapid development in urban areas. These guidance and notices include, but not limited to, (i) 《關於加強城市停車設施建設的指導意見》(Guidance Opinions on Strengthening the Construction of Urban Parking Facilities\*) published by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)(the “NDRC”) in August 2015; (ii) 《關於加強和改進城市停車管理工作的指導意見》(Guidance Opinions on Strengthening and Improving Urban Parking Management\*) published by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) in June 2019; (iii) 《關於做好縣城城鎮化公共停車場和公路客運站補短板強弱項工作的通知》(Notice on Completing the Strength and Weaknesses of County Urbanized Public Parking Lots and Highway Terminals\*) published by NDRC in July 2020; (iv) 《關於推動城市停車設備發展的意見》(Opinions on Promoting the Development of Urban Parking Facilities\*) published by NDRC in May 2021; (v) 《關於推進以縣城為重要載體的城鎮化建設的意見》(Opinions on Promoting Urbanisation Construction with Towns as an Important System\*) published by the State Council of the PRC (中華人民共和國國務院) in May 2022; and (vi) 《擴大內需戰略規劃綱要(2022-2035年)》(Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035)\*) published by the State Council of the PRC (中華人民共和國國務院) in December 2022.

We have also discussed with the Management and were given to understand that the private fund management services form the core foundation of the Company’s asset operations and FIME (which refers to fundraising, investment, management and exit) business and play a crucial role in the Group’s “asset circulation and operation technology” business model. While continuing to generate revenue for the Group, the private fund management services (the “**Fund Management Business**”) also help uncover more potential business opportunities in asset circulation and operations, based on the foundation of asset management.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have reviewed the 2023 Annual Report and 2024 Interim Report and noted that the Group will deploy 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 the PRC, to make a gain through long-term transformation and enhancement of asset value. Meanwhile, the Group will further collaborate with insurance 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.

Based on the data published by the Asset Management Association of China (中國證券投資基金業協會), which is a self-regulatory organisation of the mutual funds industry of China established with the approval of the State Council of the PRC (中華人民共和國國務院) in 2012 and subject to the guidance, supervision and administration of the China Securities Regulatory Commission (中國證券監督管理委員會) and the Ministry of Civil Affairs of the PRC (中華人民共和國民政部), the number of private funds in the PRC increased from 145,020 as at 31 December 2022 to 153,032 as at 31 December 2023, while the total value of asset under management of private funds in the PRC also slightly increased from approximately RMB20,281.8 billion as at 31 December 2022 to approximately RMB20,315.6 billion as at 31 December 2023.

In recent years, the PRC government issued various policies regarding the PRC financial and fund industry. On 6 December 2023, the Ministry of Finance and the Ministry of Human Resources and Social Security of the PRC 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. The NDRC published a notice regarding the country’s REITs regime on 26 July 2024, focusing on expanding eligible asset classes and streamlining the filing process, which aimed to boost infrastructure investment in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into consideration (i) that the Group further expanded in major transportation hubs such as airports and railways in first tier cities such as Beijing and Guangzhou; (ii) of the growth in the passenger throughput and the number of privately-owned vehicles in the PRC; (iii) of the guidance, notices and implementation plans from the PRC Central Government to strengthen infrastructure investment in particular urban parking management and facilities; (iv) of the increase in popularity of private funds in the PRC; and (v) of the increase in the value of REITs market in the PRC, we consider that it is justifiable for the Group to focus its capital resources on the expansion of the Fund Management Business, thereby contributing better returns to the Shareholders and concur with the view of the Management that the net proceeds arising from the Proposed Restructuring could allow the Group to further develop the Infrastructure Asset Management Business, which in general requires sufficient upfront capital to obtain operating rights of the parking facilities, thereby enhancing the revenue of the Group and delivering greater returns to the Shareholders.

### 2. Information of Shougang Holding and Shougang Resources

#### *(a) Shougang Holding and Shougang Group*

Shougang Holding is a company incorporated in Hong Kong with limited liability which is principally engaged in investment holding. It is a wholly-owned subsidiary of Shougang Group.

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.

#### *(b) Shougang Resources*

Shougang Resources is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0639). Shougang Resources and its subsidiaries are principally engaged in coking coal mining, production and sales of coking coal products (“**Coal Business**”).

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**(c) Financial information of Shougang Resources**

The following table summarises the financial information of Shougang Resources for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024 as extracted from the 2023 Shougang Resources Annual Report and the 2024 Shougang Resources Interim Report, respectively.

	For the year ended 31		For the six months ended	
	December		30 June	
	2022	2023	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	8,214,719	5,891,068	3,442,305	2,497,844
Profit before taxation	4,625,893	3,218,917	2,121,154	1,393,872
Profit for the year/period	3,308,155	2,300,938	1,519,093	982,542
	As at 31 December		As at 30 June	
	2022	2023	2024	
	HK\$'000	HK\$'000	HK\$'000	
	(Audited)	(Audited)	(Unaudited)	
Non-current assets	13,020,679	12,467,529	12,161,507	
Current assets	<u>10,442,805</u>	<u>10,024,015</u>	<u>10,978,844</u>	
Total assets	23,463,484	22,491,544	23,140,351	
Non-current liabilities	1,551,631	1,498,437	1,509,974	
Current liabilities	<u>3,234,634</u>	<u>2,522,589</u>	<u>3,188,759</u>	
Total liabilities	4,786,265	4,021,026	4,698,733	

*For the six months ended/as at 30 June 2023 and 2024*

As illustrated in the table above, total revenue of Shougang Resources decreased from approximately HK\$3,442.3 million for the six months ended 30 June 2023 to approximately HK\$2,497.8 million for the six months ended 30 June 2024. As disclosed in the 2024 Shougang Resources Interim Report, such decrease was primarily attributable to (i) the drop in sales volume of clean coking coal by 25% as a result of the production transition from upper to lower seam which led to the decline in the production volume of raw and clean coking coal; (ii) the decrease in average realised selling prices of clean coking coal by 2%; and (iii) the depreciation in average exchange rate of RMB to HK\$ by approximately 1.5%. The net profit of Shougang Resources decreased from approximately HK\$1,519.1 million for the six months ended 30 June 2023 to approximately HK\$982.5 million for the six months ended 30 June 2024, which was in line with the decrease in revenue.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The net assets attributable to owners of Shougang Resources remained relatively stable at approximately HK\$16,281.8 million and HK\$16,109.5 million as at 31 December 2023 and 30 June 2024, respectively.

Total assets of Shougang Resources increased from approximately HK\$22,491.5 million as at 31 December 2023 to approximately HK\$23,140.4 million as at 30 June 2024, mainly due to (i) the increase in time deposits of approximately HK\$1,069.5 million; (ii) the increase in cash and cash equivalents of approximately HK\$206.1 million; and (iii) the increase in trade receivables of approximately HK\$75.5 million, which was partially set off by (i) the decrease in bills receivables of approximately HK\$157.4 million; and (ii) the decrease in deposits, prepayments and other receivables of approximately HK\$155.0 million.

Total liabilities of Shougang Resources increased from approximately HK\$4,021.0 million as at 31 December 2023 to approximately HK\$4,698.7 million as at 30 June 2024, mainly due to (i) the increase in dividend payable of approximately HK\$886.8 million; (ii) the increase in other payables and accruals of approximately HK\$15.8 million; and (iii) the increase in deferred income tax liabilities of approximately HK\$12.4 million.

*For the years ended/as at 31 December 2022 and 2023*

As illustrated in the table above, total revenue of Shougang Resources decreased from approximately HK\$8,214.7 million for the year ended 31 December 2022 to approximately HK\$5,891.1 million for the year ended 31 December 2023. As disclosed in the 2023 Shougang Resources Annual Report, the decrease was mainly due to (i) the decrease in average realised selling prices of clean coking coal by 20%; (ii) the reduction in sales volume of clean coking coal by 7% as a result of the production transition from upper to lower seam which led to the decline in the production volume of raw and clean coking coal, together with (iii) the negative effect of the decrease in average exchange rate of RMB to HK\$ by approximately 4.6% on the revenue.

The net profit of Shougang Resources decreased from approximately HK\$3,308.2 million for the year ended 31 December 2022 to approximately HK\$2,300.9 million for the year ended 31 December 2023, mainly due to (i) the decrease in gross profit by approximately HK\$1,823.6 million; and (ii) the decrease in income from sales of coal related by-products by approximately HK\$28 million as a result of the drop in coal market prices.

The net assets attributable to owners of Shougang Resources remained relatively stable at approximately HK\$16,768.7 million and HK\$16,281.8 million as at 31 December 2022 and 2023, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Total assets of Shougang Resources decreased from approximately HK\$23,463.5 million as at 31 December 2022 to approximately HK\$22,491.5 million as at 31 December 2023, mainly due to (i) the decrease in bills receivables of approximately HK\$1,417.9 million; (ii) the decrease in time deposits of approximately HK\$787.2 million; and (iii) the decrease in trade receivables of approximately HK\$784.0 million.

Total liabilities of Shougang Resources decreased from approximately HK\$4,786.3 million as at 31 December 2022 to approximately HK\$4,021.0 million as at 31 December 2023, mainly due to (i) the decrease in other payables and accruals of approximately HK\$379.2 million; (ii) the decrease in other financial liability of approximately HK\$173.6 million; and (iii) the decrease in tax payables of approximately HK\$107.5 million.

**(d) Industry overview and prospect of the Coal Business**

With reference to the 2023 Shougang Resources Annual Report, the selling price of coking coal products of Shougang Resources dropped by approximately 20% year-over-year from approximately RMB2,402 per tonnes in 2022 to approximately RMB1,932 per tonnes in 2023, mainly due to (i) overall downturn demand in the downstream steel industry, which Shougang Resources' products is one of the largest raw materials for steel; and (ii) weak market sentiment of the real estate industry, which is the major pillar to support the demand of steel, whereas coking coal is of particularly good quality due to its high calorific value and caking index with low ash and sulfur content characteristics that are highly desirable for coke and steel making.

According to the statistics published by the NBS, (i) the output of crude steel in the PRC decreased from approximately 1,064.8 million tonnes in 2020 to approximately 1,019.1 million tonnes in 2023, representing a CAGR of approximately (1.5%); (ii) the output of rolled steel in the PRC slightly increased from approximately 1,324.9 million tonnes in 2020 to approximately 1,362.7 million tonnes in 2023, representing a CAGR of approximately 0.9%; and (iii) the output of coke in the PRC increased from approximately 471.3 million tonnes in 2020 to approximately 492.6 million tonnes in 2023, representing a CAGR of approximately 1.5%. In spite of the GDP growth in the PRC as mentioned in the sub-section headed "(c) Industry overview and prospect of the Infrastructure Asset Management Business" in the section headed "1. Information of the Group" of this letter above, the market sentiment of real estate industry in the PRC remained depressed. According to the statistics published by the NBS, the national real estate development investment was approximately RMB13.1 trillion, RMB13.6 trillion, RMB12.3 trillion and RMB11.1 trillion, representing a year-over-year growth of approximately 4.2%, (10.0)% and (9.6)% for 2021, 2022 and 2023 respectively, which indicated a downturn trend of the real estate industry in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The slowing down in the output of crude steel, rolled steel and coke in the PRC and the sluggish business conditions of the downstream real estate industry in the PRC leading to a weakening demand along the steel and coking coal products supply chain have brought negative impacts to the demand and market price of the coking coal products of Shougang Resources and hence resulted in uncertainties to the prospects of Coal Business of Shougang Resources.

### **3. Reasons for and benefits of the Proposed Restructuring**

As disclosed in the Letter from the Board, back to the period from 2009 to 2011, the Group acquired a number of the Shougang Resources Shares (including the Sale Shares). Since 2017, the Company has been firmly committed to strategic transformation, focusing on the development of the Infrastructure Asset Management Business. It is dedicated to becoming a leading service provider of core infrastructure assets in China, while gradually divesting remaining non-core assets at the right opportunities. The Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder, which involves the transfer of the Group's interests in Shougang Resources to Shougang Holding, align with the Company's future overall development strategy. This further optimizes the Company's asset structure and marks another significant step on the path of strategic transformation.

We have discussed with the Management and were given to understand that the disposal of the minority interest in Shougang Resources, which is unrelated to the Company's principal business, represents a prudent and timely opportunity for the Group to monetise its investment at a fair and reasonable price. As discussed in the sub-section headed, "(d) Industry overview and prospect of the Coal Business" in the section headed "2. Information of Shougang Holding and Shougang Resources" of this letter above, the coal industry has been suffering a sluggish growth, primarily due to the weak market sentiment of steel industry and the downturn of the real estate segment. Thus, the prospect of the Coal Business is uncertain as evidenced by the decrease in the pricing of coking coal of approximately 20% in 2023 and net profit of Shougang Resources. Despite the Sale Shares have been yielding dividend income in past years, it is deemed a non-core asset and does not align with the Group's primary focus on infrastructure asset management, and is subject to the financial performance and profitability of Shougang Resources. As disclosed in the 2023 Annual Report and the 2024 Interim Report, the Group received dividend of approximately HK\$406.1 million, HK\$319.4 million and HK\$139.5 million for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024, respectively, from Shougang Resources. In light of the above, the Directors are of the view that the Proposed Restructuring will allow the Group to reallocate resources more effectively towards advancing its core business and executing its long-term strategy in the Infrastructure Asset Management Business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As disclosed in the Letter from the Board, the Group will receive net cash proceeds of approximately HK\$1,456.6 million from the Proposed Restructuring, where the Company intends to apply (i) as to approximately 60% for investing in the Infrastructure Assets Management Business by the end of 2028; and (ii) as to approximately 40% for general working capital by the end of 2028. We have discussed with the Management and were given to understand that the Group is required to preserve sufficient cash reserve for the operation of Guangzhou Baiyun International Airport, which the Group successfully won the bid for its parking operating rights in 2023. As disclosed in the 2023 Annual Report, Guangzhou Baiyun International Airport, with a total of over 10,000 operating parking spaces, was ranked first in terms of annual transportation volume for three consecutive years since 2020 in the PRC, which enables the Group to operate regional heavyweight transportation hubs in the Greater Bay Area and Southeast Region. Meanwhile, the Group is expected to acquire more parking spaces by public bidding and infrastructure assets acquisitions, and also technology companies which principally engaged in production, research and development of vehicle charging devices, thereby enhancing the synergy among different projects. On the other hand, the Group will further collaborate with insurance funds and government guided funds of long maturity in the market that are optimistic about charging piles, industrial zones and rental housing and other infrastructure assets, investing in high-quality infrastructure assets, and aiming in obtaining long-term stable returns.

As advised by the Management, during the past 12 months and up to the date of the Sale and Purchase Agreement, the Group has conducted two debt fund raising activities including (i) the issuance of corporate bond in May 2024, namely Shoucheng Holding 2024 First Medium-term Notes\* (「首程控股有限公司2024年度第一期中期票據」) with the gross proceeds of approximately RMB500.0 million at a coupon rate of 2.5% with maturity of 3 years; and (ii) the issuance of the second phase parking assets REITs, namely Guojun-Shoucheng Holdings Smart Parking Asset Support Special Plan (Phase II)\* (「國君-首程控股智慧停車第二期資產支持專項計劃」) in December 2024 with the gross proceeds of approximately RMB370.0 million at a coupon rate of 2.4% with maturity of 18 years. The Directors considered that further debt financing may give rise to additional financing costs and increase the interest burden of the Group and also increase the level of indebtedness and gearing ratio of the Group, whereas any equity fund raising will affect the shareholding structure of the Company and also the price of the Shares. As such, seeking for the realisation of part of the non-core investment of the Shougang Resources Shares held by the Group at a price which is fair and reasonable as detailed in the section headed “5. Assessment of the Consideration for the Proposed Restructuring” of this letter below is an acceptable way for the Group to finance its ongoing development of its core businesses.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Further, as disclosed in the Letter from the Board, it has always been the Company's intent to divest its remaining non-core assets at the right opportunities. Meanwhile, the number of the Sale Shares is significant, representing approximately 11.92% of all issued shares of Shougang Resources as at the Latest Practicable Date and requiring for a cash payment of over HK\$1 billion. Accordingly, even though the Group has been seeking for potential buyers to dispose of its interests in Shougang Resources, it is not easy to find a suitable buyer in the market. It was not until November 2024 that the Company received an offer from Shougang Holding regarding the Proposed Restructuring. The Proposed Restructuring represents a rare and good opportunity for the Company to divest its investments in Shougang Resources. After arm's length negotiation and taking into account their respective commercial plans and considerations, the parties reached a consensus on the sale and purchase of 606,927,640 Sale Shares. For the remaining approximately 3.30% of all issued shares of Shougang Resources, the Company will look for potential buyers when and where appropriate.

Having considered the above, the Board (excluding the Directors who have abstained from voting on the relevant Board resolutions) is of the view, and we concur, that although the Proposed Restructuring is not conducted in the ordinary and usual course of business of the Company due to its transaction nature, the terms of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are fair and reasonable and that the entering into of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

#### **4. Principal terms of the Sale and Purchase Agreement**

The principal terms of the Sale and Purchase Agreement are summarised as follows:

***Date***

18 December 2024

***Parties***

- (1) the Vendor as vendor; and
- (2) Shougang Holding as purchaser

***Subject matter***

The Vendor has conditionally agreed to sell, and Shougang Holding has conditionally agreed to acquire, the Sale Shares, being 606,927,640 Shougang Resources Shares (representing approximately 11.92% of all issued shares of Shougang Resources as at the Latest Practicable Date).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Consideration*

The consideration of HK\$1,456,626,336 (representing HK\$2.40 per Sale Share) was agreed after arms' length negotiations between the Vendor and Shougang Holding and having taken into account the recent market price of Shougang Resources Shares and the trading liquidity of Shougang Resources Shares.

The consideration price (the "**Consideration Price**"), i.e. HK\$2.40 per Shougang Resources Share, represents:

- (i) a discount of approximately 6.98% to the closing price of HK\$2.58 per Shougang Resources Share as quoted on the Stock Exchange as at the Last Trading Date;
- (ii) a discount of approximately 8.75% to the average closing price of HK\$2.63 per Shougang Resources Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 10.78% to the average closing price of HK\$2.69 per Shougang Resources Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date.

The consideration is to be settled by way of cash upon Completion. On the above basis and taking to account the significant pressure on the stock price of Shougang Resources if the Sale Shares were disposed of in the secondary market as the scale of the Proposed Restructuring is relatively large, the Directors (including the members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee, but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### *Conditions*

Completion is subject to and conditional upon the fulfilment (or waiver thereof, if applicable) of following conditions precedent (the "**Conditions**"):

- (i) the approval from the Independent Shareholders of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder at the GM convened in accordance with the Listing Rules, and such approval remaining valid, effective and not having been rescinded or revoked;
- (ii) the filing, registration or approval, as applicable, with or by the State-Owned Assets Supervision and Administration Commission of the State Council of PRC, or its local authorities, and such other applicable PRC governmental approvals in respect of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder having been obtained or completed, and such filing, registration or approval, as applicable, remaining valid, effective and not having been rescinded or revoked;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) the representations, warranties and undertakings made in respect of the Vendor and the Sale Shares are true, accurate and not misleading in any material respects; and
- (iv) the representations, warranties and undertakings made in respect of Shougang Holding are true, accurate and not misleading in any material respects under the Sale and Purchase Agreement.

Conditions (i) and (ii) are non-waivable. Conditions (iii) and (iv) may be waived in whole or in part by Shougang Holding and the Vendor respectively. If any of the Conditions are not fulfilled or waived (as the case may be) on or before the Long Stop Date or such later date as the parties may agree in writing, the Sale and Purchase Agreement shall automatically lapse and be of no further force and effect; and neither party shall have any claim against the other save in respect of claims arising out of any antecedent breach of the Sale and Purchase Agreement pursuant to the provisions expressly stated to continue without limit in time. As at the Latest Practicable Date, none of the Conditions has been satisfied.

### ***Completion***

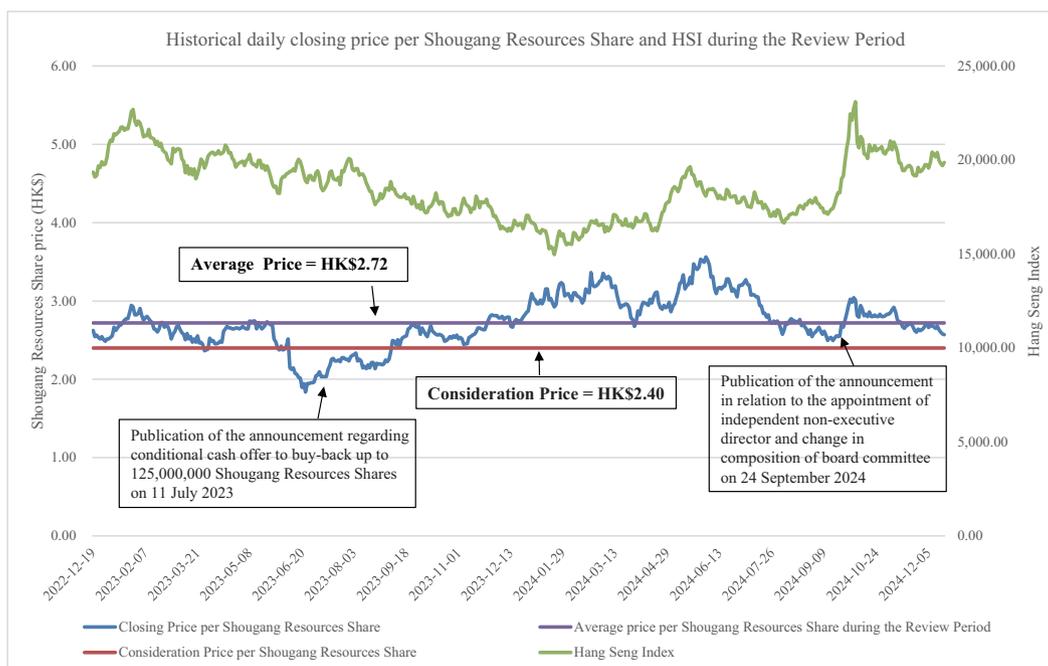
Completion shall take place on the fifteenth (15th) Business Day after the date (not being later than the Long Stop Date) on which the last of the Conditions is satisfied or waived (as the case may be), or such other date as Shougang Holding and the Vendor may agree in writing.

## **5. Assessment of the Consideration for the Proposed Restructuring**

### ***(a) Historical price performance of the Shougang Resources Shares***

In order to assess the fairness and reasonableness of the Consideration Price, we have performed a review on the daily closing price and trading volume of Shougang Resources Shares on the Stock Exchange during the period from 19 December 2022 to 18 December 2024 (being a period of approximately 2 years prior to and including the date of the Sale and Purchase Agreement, the “**Review Period**”) and compared with the Consideration Price and the Hang Seng Index (the “**HSI**”). We consider a shorter review period can only demonstrate the Shougang Resources Shares price performance in a limited and specific time which may be distorted by specific events, and thus the 2-year Review Period is adequate, fair and representative to reflect the prevailing market sentiment primarily and illustrate the general trend and level of movement of the daily closing prices of the Shougang Resources Shares, which can reflect the correlation between the recent business performance of Shougang Resources Group and the latest market reaction in share prices of Shougang Resources.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

The Shougang Resources Shares have traded between HK\$1.836 and HK\$3.562 all the time during the Review Period, with an average price of HK\$2.720. It recorded the highest closing price of HK\$3.562 on 31 May 2024 and the lowest closing price of HK\$1.836 on 23 June 2023.

The closing share price of Shougang Resources demonstrated a similar trend as the HSI from 19 December 2022 to 8 June 2023. Then, the closing share price of Shougang Resources did not follow the movement of the HSI and dropped to HK\$1.836 on 23 June 2023, being the lowest price during the Review Period. The closing share price of Shougang Resources started to rebound after Shougang Resources published the announcement in relation to the conditional cash offer to buy-back its shares on 11 July 2023, and demonstrated a general upward trend up to 10 January 2024. Since then, the closing share price of Shougang Resources followed the movement of the HSI and reached HK\$3.562 on 31 May 2024, being the highest price during the Review Period. Subsequently, the closing share price of Shougang Resources oscillated downward until Shougang Resources published the announcement in relation to the appointment of independent non-executive director and change in composition of board committee on 24 September 2024. The closing share price of Shougang Resources then rebounded and reached HK\$3.043 on 4 October 2024 and continued a sliding trend downward to the Last Trading Date. We did not notice any notable event which might have caused the fluctuations of the closing share price of Shougang Resources.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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***(b) Review on trading liquidity of the Shougang Resources Shares***

The following table sets out (i) the average daily trading volume of the Shougang Resources Shares; and (ii) the percentage of the average daily trading volume of the Shougang Resources Shares to the total number of the issued Shougang Resources Shares as at the end of the month/period during the Review Period:

	Total trading volume of the Shougang Resources Shares for the month/period	Number of trading days	Average daily trading volume of the Shougang Resources Shares for the month/period	Percentage of the average daily trading volume over total number of the issued Shougang Resources Shares as at the end of the month/period
<b>2022</b>				
December (from 19 December)	33,814,085	8	4,226,761	0.0837%
<b>2023</b>				
January	69,014,373	18	3,834,132	0.0759%
February	63,144,634	20	3,157,232	0.0625%
March	177,224,108	23	7,705,396	0.1525%
April	119,123,226	17	7,007,249	0.1387%
May	255,408,033	21	12,162,287	0.2407%
June	329,721,449	21	15,701,021	0.3108%
July	247,757,564	20	12,387,878	0.2452%
August	166,340,801	23	7,232,209	0.1432%
September	177,804,571	19	9,358,135	0.1899%
October	52,599,182	20	2,629,959	0.0534%
November	85,219,420	22	3,873,610	0.0786%
December	90,641,531	19	4,770,607	0.0968%

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	Total trading volume of the Shougang Resources Shares for the month/period	Number of trading days	Average daily trading volume of the Shougang Resources Shares for the month/period	Percentage of the average daily trading volume over total number of the issued Shougang Resources Shares as at the end of the month/period
<b>2024</b>				
January	198,064,265	22	9,002,921	0.1827%
February	171,742,857	19	9,039,098	0.1835%
March	165,335,144	20	8,266,757	0.1678%
April	156,924,615	20	7,846,231	0.1593%
May	261,382,719	21	12,446,796	0.2526%
June	188,404,710	19	9,916,037	0.2013%
July	141,412,667	22	6,427,849	0.1305%
August	132,551,421	22	6,025,065	0.1223%
September	197,963,688	19	10,419,141	0.2115%
October	232,144,118	21	11,054,482	0.2244%
November	104,406,912	21	4,971,758	0.0977%
December ( <i>Up to the date of the Sale and Purchase Agreement</i> )	62,616,717	13	4,816,671	0.0946%
<b>Maximum</b>			15,701,021	0.3108%
<b>Minimum</b>			2,629,959	0.0534%
<b>Average</b>			7,771,171	0.1560%

Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated from the table above, the average trading volume of the Shougang Resources Shares was low, with a range from 2,629,959 Shougang Resources Shares to 15,701,021 Shougang Resources Shares during the Review Period, representing approximately 0.0534% to 0.3108% of the total number of Shougang Resources Shares in issue as at the end of relevant month/period. In our view, it illustrates that the trading volume of the Shougang Resources Shares was generally thin during the Review Period. Given the relatively thin trading volume in the Shougang Resources Shares, it is uncertain as to whether there would be sufficient liquidity in the Shougang Resources Shares for the Vendor to dispose of a significant number of Shougang Resources Shares in the open market without providing a considerable discount on the price of Shougang Resources Shares. Therefore, the Proposed Restructuring provides an opportunity for the Group, especially it holds a large block of Shougang Resources Shares, to dispose of its holdings at a fixed cash price.

### ***(c) Comparable Companies analysis***

As stated in the section headed “2. Information of Shougang Holding and Shougang Resources” above, Shougang Resources is principally engaged in Coal Business (i.e. coking coal mining, production and sales of coking coal products). Also, Shougang Resources recorded a profit attributable to its owners for the years ended 31 December 2022 and 2023 and recorded a positive equity attributable to its owners as at 31 December 2023 and 30 June 2024. In order to assess the fairness and reasonableness of the Consideration, we have identified a list of comparable companies listed on the Main Board of the Stock Exchange (“**Comparable Companies**”) which (i) are principally engaged in similar business as Shougang Resources, being coking coal mining, production and/or sales of coking coal products, and generated a majority (i.e. over 50%) of their revenue from such business for their latest full financial year; (ii) owns operation/extractions/exploration rights of mines in the PRC; (iii) were profit making in the latest full financial year; (iv) net asset value attributable to owners of the company remained as positive as disclosed in their latest published financial information; and (v) shares were not suspended from trading for long (i.e. three months or more) as at the date of the Sale and Purchase Agreement, for comparison. We have identified four Comparable Companies which met the aforementioned selection criteria and we consider them to be fair, representative and exhaustive samples of companies similar and comparable to Shougang Resources.

Although market capitalisations, profitability and financial positions of the Comparable Companies may not be the same as those of Shougang Resources, we consider that the Comparable Companies are fair and representative to provide information of the valuation of public companies principally engaged in similar Coal Business in the PRC as Shougang Resources.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Set out below are price-to-earnings ratios (“P/E”) and price-to-book ratios (“P/B”) of the Comparable Companies based on their closing share prices as at the date of the Sale and Purchase Agreement, and their latest published financial information:

Company name (Stock Code)	Nature of business	Market capitalisation <i>(Note 1)</i> <i>(HK\$ million)</i>	P/E <i>(Note 2)</i> <i>(times)</i>	P/B <i>(Note 2)</i> <i>(times)</i>
China Shenhua Energy Company Limited (Stock Code: 1088)	Production and sale of coal and electricity, railway, port and shipping transportation, and coal-to-olefins	662,615.1	9.61	1.31
Yankuang Energy Group Limited (Stock Code: 1171)	Mining and smart logistics businesses	90,057.5	4.75	0.49
China Coal Energy Company Limited (Stock Code: 1898)	Mining and processing of coal, sales of coal and coal chemical products, manufacture and sales of coal mining machinery and provision of finance services	129,537.1	6.02	0.82
Perennial Energy Holdings Limited (Stock Code: 2798)	Exploration and mining of coking coal and coal refinery	1,504.0	2.80	0.47
<b>Maximum</b>		<b>662,615.1</b>	<b>9.61</b>	<b>1.31</b>
<b>Minimum</b>		<b>1,504.0</b>	<b>2.80</b>	<b>0.47</b>
<b>Median</b>		<b>109,797.3</b>	<b>5.38</b>	<b>0.66</b>
<b>Average</b>		<b>220,928.5</b>	<b>5.79</b>	<b>0.77</b>
			<b>FY2023</b>	<b>6M2024</b>
			<b>Implied P/E</b>	<b>Implied P/B</b>
Shougang Resources (Stock Code: 639)	Coking coal mining, production and sales of coking coal products	12,215.6 <i>(Note 3)</i>	6.47 <i>(Note 4)</i>	0.76 <i>(Note 5)</i>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Notes:

1. The market capitalisations of the Comparable Companies are calculated based on the respective total number of shares in issue and closing share prices of the Comparable Companies as at the date of the Sale and Purchase Agreement.
2. The P/E and P/B of the Comparable Companies are calculated based on their respective share closing price as at the date of the Sale and Purchase Agreement and profit for the year and net asset value attributable to the owners per share, respectively, as disclosed in the latest published financial information of the respective Comparable Companies prior to the date of the Sale and Purchase Agreement.
3. The market capitalisation of Shougang Resources is calculated based on the total number of Shougang Resources Shares in issue and the closing price of the Shougang Resources Share as at the date of the Sale and Purchase Agreement.
4. The implied P/E (the “**FY2023 Implied P/E**”) of Shougang Resources is calculated based on the Consideration Price, the profit attributable to the owners of Shougang Resources of approximately HK\$1,889.2 million for the year ended 31 December 2023, being the latest full financial year prior to the entering into of the Sale and Purchase Agreement, and 5,091,065,770 Shougang Resources Shares in issue as at the date of the Sale and Purchase Agreement.
5. The implied P/B (the “**6M2024 Implied P/B**”) of Shougang Resources is calculated based on the Consideration Price, the net asset value attributable to the owners of Shougang Resources of approximately HK\$16,109.5 million as at 30 June 2024, being the latest financial information published by Shougang Resources prior to the entering into of the Sale and Purchase Agreement, and 5,091,065,770 Shougang Resources Shares in issue as at the date of the Sale and Purchase Agreement.

As shown in the table above, we noted that (i) the P/E of the Comparable Companies ranged from approximately 2.80 times to 9.61 times, with a median and an average of approximately 5.38 times and 5.79 times, respectively; and (ii) the P/B of the Comparable Companies ranged from approximately 0.47 times to 1.31 times, with a median and an average of approximately 0.66 times and 0.77 times, respectively.

Given (i) the FY2023 Implied P/E and the 6M2024 Implied P/B are within the range of the Comparable Companies; (ii) the FY2023 Implied P/E is and above the median and average of the Comparable Companies; and (iii) the 6M2024 Implied P/B is above the median and close to the average of the Comparable Companies, thus we are of the view that the Consideration Price, which determined the implied P/E and implied P/B of Shougang Resources, is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole in this regard.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(d) Comparable Transactions analysis*

Moreover, we have compared the precedent comparable transactions involving disposal of listed securities listed on the Stock Exchange for cash consideration and were announced during the period from 19 December 2023 to 18 December 2024 (being a period of approximately 12 months prior to and including the date of the Sale and Purchase Agreement, the “**Relevant Period**”) (the “**Comparable Transactions**”). The Comparable Transactions set out below represent an exhaustive list we identified from the website of the Stock Exchange satisfying the following selection criteria: (i) the listed securities are currently listed on the Stock Exchange and the initial announcements of which were published during the Relevant Period; and (ii) the disposal of the listed securities represented 10% or more of the then issued share capital of the respective companies for cash consideration.

Having considered that (i) the Comparable Transactions are mainly concerned with the principal terms of the similar transactions (i.e. premium/discount of the relevant consideration prices), which is fundamentally different from the analysis of the historical price and/or trading liquidity of the Shougang Resources Shares; (ii) there are sufficient and representative number of Comparable Transactions within the approximate 12-month timeframe to demonstrate the recent market trends; and (iii) the Comparable Transactions were included with objective bases so the Comparable Transactions are considered to be representative of the recent market trends for similar transactions related to other Hong Kong listed issuers, we consider the approximate 12-month timeframe adopted in the Comparable Transactions is reasonable and representative.

Further, despite that the companies which listed on GEM are generally more volatile and illiquid than the Main Board stocks, having considered (i) the companies are listed on the Stock Exchange and hence are generally subject to the same market sentiment; (ii) the premium/discount of the relevant consideration prices shall have reflected the aforesaid characteristic of GEM stocks; and (iii) the outliers with abnormal results were excluded to present a fair and reasonable analysis, we consider the selection criteria is fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Despite the subject companies underlying the Comparable Transactions may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, we consider the Comparable Transactions capturing recent sizeable disposal involving disposal of listed securities of company listed on the Stock Exchange under similar market sentiments can provide us with a general reference on the recent market trend of the premium/discount of consideration prices of existing shares over/to the market prices of the relevant shares for similar type of transaction on the equity capital market in Hong Kong.

Date of announcement	Company name of the subject disposed listed shares (Stock Code)	Premium/(discount) of the consideration price per disposed listed share over/(to) average closing price of the disposed listed shares		
		closing price of the disposed listed shares on the last trading date (%)	for the last five trading days prior to/up to and including the last trading date (%)	for the last 30 trading days prior to/up to and including the last trading date (%)
22 November 2024	Many Idea Cloud Holdings Limited (Stock Code: 6696)	(1.19)	(0.24)	(5.84)
13 November 2024	WK Group (Holdings) Limited (Stock Code: 2535)	(59.68)	(58.88)	(61.85)
8 November 2024	Global Mastermind Holdings Limited (Stock Code: 8063)	(40.00)	(41.86)	(54.22)
24 October 2024	China Kingstone Mining Holdings Limited (Stock Code: 1380)	(3.17)	44.99	76.66
9 September 2024	Prosperous Printing Company Limited (Stock code: 8385)	(0.79)	(1.73)	(0.74)
29 July 2024	JY Gas Limited (Stock Code: 1407)	34.62	34.62	60.61
24 July 2024	WellCell Holdings Co., Limited (Stock Code: 2477)	(21.17)	(22.41)	(27.34)

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Date of announcement	Company name of the subject disposed listed shares (Stock Code)	Premium/(discount) of the consideration price per disposed listed share over/(to) average closing price of the disposed listed shares		
		closing price of the disposed listed shares on the last trading date (%)	for the last five trading days prior to/up to and including the last trading date (%)	for the last 30 trading days prior to/up to and including the last trading date (%)
5 July 2024	Icon Culture Global Company Limited (Stock Code: 8500)	(22.22)	2.08	65.26
3 July 2024	Century Ginwa Retail Holdings Limited (Stock Code: 0162)	1.01	1.01	2.28
15 June 2024	Sheen Tai Holdings Group Company Limited (Stock Code: 1335) <sup>(Note 3)</sup>	110.08	122.02	151.68
19 March 2024	China Vered Financial Holding Corporation Limited (Stock Code: 0245) <sup>(Notes 1 and 3)</sup>	140.85	104.87	77.61
1 February 2024 <sup>(Note 2)</sup>	Royal Century Resources Holdings Limited (Stock Code: 8125)	1.82	(7.89)	1.23
25 January 2024	Wisdom Wealth Resources Investment Holding Group Limited (Stock Code: 0007)	4.07	(8.29)	(29.39)
25 January 2024	Huakang Biomedical Holdings Company Limited (Stock Code: 8622)	(69.14)	(64.70)	(59.75)
24 January 2024	Fineland Living Services Group Limited (Stock Code: 9978)	8.18	7.35	(0.68)

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Date of announcement	Company name of the subject disposed listed shares (Stock Code)	Premium/(discount) of the consideration price per disposed listed share over/(to) average closing price of the disposed listed shares		
		closing price of the disposed listed shares on the last trading date (%)	for the last five trading days prior to/up to and including the last trading date (%)	for the last 30 trading days prior to/up to and including the last trading date (%)
23 January 2024	China Frontier Technology Group (Stock Code: 1661) <i>(Note 3)</i>	410.20	425.21	379.54
5 January 2024	Platt Nera International Limited (Stock code: 1949)	(4.26)	6.13	9.80
22 December 2023	Icon Culture Global Company Limited (Stock Code: 8500)	51.11	40.55	87.43
	<b>Maximum</b>	<b>51.11</b>	<b>44.99</b>	<b>87.43</b>
	<b>Minimum</b>	<b>(69.14)</b>	<b>(64.70)</b>	<b>(61.85)</b>
	<b>Median</b>	<b>(1.19)</b>	<b>(0.24)</b>	<b>(0.68)</b>
	<b>Average</b>	<b>(8.05)</b>	<b>(4.62)</b>	<b>4.23</b>
	The Proposed Restructuring	(6.98)	(8.75)	(10.78)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

- 1. The disposal of issued shares of China Vered Financial Holding Corporation Limited was conducted at a consideration of RMB0.0896 per share, for illustrative purposes, we use the exchange rate of HK\$1 to RMB0.90735 on 15 March 2024 (as at the date of disposing the shares of China Vered Financial Holding Corporation Limited) published by The People's Bank of China.*
- 2. The disposal of issued shares of Royal Century Resources Holdings Limited was conducted with the period from 31 January 2024 to 1 February 2024. For illustrative purpose, the last trading date use for the above calculation is 1 February 2024.*
- 3. These transactions have been excluded from the computations as their figures, which are more than 100%, appear to be abnormally high as compared to the rest of the Comparable Transactions and are considered as outliers which may skew the overall results.*

As indicated in the table above, (i) the average of the discount of the Comparable Transactions to the closing price of the disposed listed shares on the last trading date was approximately 8.05%; and (ii) the average of the premium/(discount) of the Comparable Transactions over/to the average closing prices of the disposed listed shares for the last five trading days and 30 trading days prior to/up to and including the last trading date were approximately (4.62)% and 4.23%, respectively.

In comparison, (i) the discount of the Consideration Price to the closing price per Shougang Resources Share on the Last Trading Date and the average closing prices per Shougang Resources Share for the last five trading days and 30 trading days are within the range of the respective ranges represented by the Comparable Transactions; and (ii) the discount of the Consideration Price to the closing price per Shougang Resources Share on the Last Trading Date is above the average of the respective ranges represented by the Comparable Transactions. Although the discount of the Consideration Price to the average closing prices per Shougang Resources Share for the last five trading days and 30 trading days are below the average of the respective ranges represented by the Comparable Transactions, such discounts are still within the range represented by the Comparable Transactions and considered to be acceptable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Notwithstanding that the Consideration Price represents a discount of approximately 11.78% to the average daily closing price of Shougang Resources Share during the Review Period, having considered the following factors as a whole:

- (i) the Consideration Price is within the range of the lowest and highest closing price of the Shougang Resources Shares as quoted on the Stock Exchange during the Review Period and represents a premium of approximately 30.72% over the lowest daily closing price of Shougang Resources Share;
- (ii) the closing share price of Shougang Resources demonstrated a downward trend over the Review Period;
- (iii) the recent plummet of the closing share price of Shougang Resources; and
- (iv) the low trading liquidity of Shougang Resources Shares as analysed in the subsection headed “(b) Review on trading liquidity of the Shougang Resources Shares” in the section headed “5. Assessment of the Consideration for the Proposed Restructuring” of this letter above could make it difficult for the Vendor to execute substantial on-market disposals without adversely affecting the share price of Shougang Resources and also make it difficult for the Vendor to dispose of a large number of Shougang Resources Shares when any event that has an adverse impact on Shougang Resources Shares price occurs,

we are of the view that the Consideration Price is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

***(e) Other terms of the Sale and Purchase Agreement***

In addition to the above, we have reviewed other principal terms of the Sale and Purchase Agreement including but not limited to the terms of payment and the conditions precedent thereto as set out in the previous section of this letter, and we are not aware of any terms being unusual. In view of the above, we are of the view that the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **6. Financial effects of the Proposed Restructuring**

As at the Latest Practicable Date, the Company is indirectly interested in approximately 15.22% of all issued shares of Shougang Resources, out of which approximately 11.92% of all issued shares of Shougang Resources are held by the Vendor. Immediately after Completion, the Vendor will cease to have any interest in the Sale Shares and the remaining interest held by the Company in Shougang Resources will decrease to approximately 3.30% of all issued shares of Shougang Resources assuming there is no other change in the share capital of Shougang Resources before the Completion.

#### ***Earnings***

After taking into account the accounting policy of the Company, the Company has elected to measure Shougang Resources Shares at fair value. The fair value changes arose from the difference between the consideration of the Sale Shares and the book value of the Sale Shares of Last Trading Date are presented in other comprehensive income. The fair value changes will not be reclassified to profit or loss after derecognition. The Company does not expect to record any gain/loss from the Proposed Restructuring in profit or loss.

#### ***Assets and liabilities***

As at 30 November 2024, the unaudited book value of the Company's interest in the Shougang Resources is approximately HK\$2,037.57 million. The book value of the Sale Shares is approximately HK\$1,596.22 million, being the closing price of HK\$2.63 per Shougang Resources Share on 29 November 2024 as quoted on the Stock Exchange multiplied by the number of Sale Shares. Upon Completion, the Company will receive a cash of approximately HK\$1,456.63 million as consideration, the Company will record a decrease in net assets of approximately HK\$139.59 million, being the fair value changes arose from the difference between the consideration of the Sale Shares and the book value of the Company's interest in the Sale Shares presented in other comprehensive income. Upon Completion, the Company continues to measure the remaining 3.3% of all issued Shougang Resources Shares as financial assets at fair value through other comprehensive income.

Shareholders and potential investors should note that the above expected financial effect is for illustrative purposes only. The actual accounting treatment in connection with the Proposed Restructuring may be different from the above and will be determined based on the book value of the Sale Shares as at the date of the Completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that although the Proposed Restructuring is not conducted in the ordinary and usual course of business of the Company due to its transaction nature, the terms of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are fair and reasonable and that the entering into of the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution(s) to approve the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder (including the Consideration Price) at the GM.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Stanley Ng**  
*Managing Director*

*Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the accounting and investment banking industries.*

*\* for identification purpose only*

**1. FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 are set out in the following documents which have been published on both the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.shouchengholdings.com](http://www.shouchengholdings.com):

- the annual report of the Company for the year ended 31 December 2021 published on 22 April 2022 (pages 159 to 322), available at:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042200508.pdf>
- the annual report of the Company for the year ended 31 December 2022 published on 21 April 2023 (pages 156 to 317), available at:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042101223.pdf>
- the annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (pages 152 to 312), available at:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042501484.pdf>
- the interim report of the Company for the six months ended 30 June 2024 published on 12 September 2024 (pages 7 to 41), available at:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0912/2024091200729.pdf>

**2. STATEMENT OF INDEBTEDNESS****Bank loans**

At the close of business on 30 November 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding bank borrowings of approximately HK\$415 million, which were secured by certain investment properties and right-of-use assets of the Group.

**Bond payables**

As at 30 November 2024, the Group had an outstanding unsecured bond payable of approximately HK\$537 million and an outstanding secured bond payable of approximately HK\$179 million which was secured by certain investment properties of the Group.

**Financial liabilities at fair value through profit or loss**

The Group had third-party interests in funds consolidated by the Group of HK\$72 million which were presented as financial liabilities at fair value through profit or loss as at 30 November 2024.

**Lease liabilities**

As at 30 November 2024, the Group had lease liabilities of approximately HK\$1,887 million, certain of which were secured by the rental deposits.

**Contingent liabilities**

The Group did not have any material contingent liabilities as at the close of business on 30 November 2024.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding on 30 November 2024.

**3. WORKING CAPITAL SUFFICIENCY**

Taking into account the Group's internal resources, the presently available banking facilities and in the absence of unforeseeable circumstances, the Directors are of the opinion that the Group will have sufficient working capital to meet its present requirements for the next 12 months from the date of this circular.

**4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group focuses on the investment, operation and management of core infrastructure assets in China that have long-time value. Driven by its two core competencies of assets operation and FIME (fundraising, investment, management and exit), the Group is gradually entering a new stage of "Asset Circulation + Strong Operation". In 2024, due to the successful operation of the Guangzhou Baiyun Airport Parking Operation Rights Project, the Lhasa Gonggar International Airport Project and the Tianjin Binhai International Airport Project, the Group has not only consolidated its leading position in the transportation hub parking lot asset management business, but also expanded the scale of asset management, providing strong growth momentum to the Group's asset operation revenue. At the same time, the Group also collaborated with external investors in investments in charging piles, industrial zones and rental housing and other infrastructure assets, aiming to obtain long-term stable returns. As disclosed in the Group's 2024 interim report, the Group's operation revenue and FIME revenue increased by 40% and 138% respectively, compared with corresponding period of 2023. In recent years, regulatory authorities frequently issued favorable policies for the infrastructure management sector, aiming to promote the healthy and sustainable development of the sector, and provide more opportunities and incentives for investors and developers.

Looking ahead, the Group believes that the strong financial stability, coupled with the net cash proceeds attributable to the Proposed Restructuring, will support the existing funding needs of the Group's infrastructure assets management investment. This not only enhances the risk tolerance of the Group in a complicated economic environment, but also allows the Group to seize the developmental opportunity window in Mainland China's infrastructure asset management industry, accelerating business expansion, and thereby contributing better returns to the Shareholders. Through greater focus and specialization in asset operation and FIME abilities, the Board believes that the management and operations of car parking and other China core infrastructure assets business will continue to maintain a rapid growth trend in its next stage of development. This will allow the Group to provide users with a better service experience and create significant asset income for the Shareholders.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and Chief Executive

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in the Shares and underlying Shares of the Company*

Name of Director	Capacity in which interests were held	Number of Shares and underlying Shares held (Note 1)		Approximate % of the total number of Shares in issue as at the Latest Practicable Date
Zhao Tianyang	Beneficial owner	Shares:	600,000	0.0082%
		Share options:	2,380,000	0.0327%
Xu Liang	Beneficial owner	Shares:	900,000	0.0124%
		Share options:	1,700,000	0.0233%
Liu Jingwei	Beneficial owner	Shares:	4,293,200	0.0589%
Wang Xin	Beneficial owner	Shares:	290,000	0.0040%
	Interest of spouse	Shares:	200,000	0.0027%

*Notes:*

1. Each share option entitles the holder thereof to purchase 1 Share pursuant to the terms of the Share Incentive Plan of the Company which was granted on 5 November 2021.
2. As at the Latest Practicable Date, the total number of issued Shares was 7,286,015,440.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor any of their spouse or minor children was granted or held options to subscribe for shares in the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised such rights.

**(a) Substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following companies (other than a Director or chief executive of the Company) had interests in the Shares and/or underlying Shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity in which interests were held	Number of Shares held	Approximate % of the total number of Shares in issue as at the Latest Practicable Date (approximately)	Notes
Shougang Group	Interests of controlled corporations	1,817,411,917	24.9438%	1, 7
ORIX Corporation	Interests of controlled corporations	1,044,081,679	14.3299%	2, 7
Cheng Yu Tung Family (Holdings II) Limited	Interests of controlled corporations	835,485,105	11.4670%	3, 7
Cheng Yu Tung Family (Holdings) Limited	Interests of controlled corporations	835,485,105	11.4670%	3, 7
Rocket Parade Limited	Beneficial owner	535,485,105	7.3495%	3, 7

Name of shareholder	Capacity in which interests were held	Number of Shares held	Approximate % of the total number of Shares in issue as at the Latest Practicable Date (approximately)	Notes
Beijing State-owned Capital Operation and Management Company Limited* (北京國有資本運營管理有限公司)	Interests of controlled corporations	728,035,520	9.9922%	4, 7
Sunshine Insurance Group Company Limited	Interests of controlled corporations	586,944,246	8.0558%	5, 7
HOPU Investments Co. III Ltd	Interests of controlled corporations	507,072,891	6.9595%	6, 7
HOPU USD Master Fund III, L.P	Interests of controlled corporations	507,072,891	6.9595%	6, 7

## Notes:

- Shougang Group is interested in all the Shares held by its indirect subsidiaries, namely, China Gate Investments Limited (holding 899,050,068 Shares), Lyre Terrace Management Limited (holding 46,000 Shares) and Jingxi Holdings Limited (holding 918,315,849 Shares).
- ORIX Corporation is interested in all the 300,748,346 Shares and 743,333,333 Shares held by its direct wholly-owned subsidiary ORIX Asia Capital Limited and indirect wholly-owned subsidiary Mountain Tai Peak I Investment Limited, respectively.
- Rocket Parade Limited is wholly owned by NWS FM Limited which is a wholly-owned subsidiary of NWS FM Holdings Limited. Chow Tai Fook Life Insurance Company Limited is wholly owned by Earning Star Limited which is a wholly-owned subsidiary of Success Idea Global Limited. Both NWS FM Holdings Limited and Success Idea Global Limited are wholly-owned subsidiaries of NWS Service Management Limited (incorporated in the British Virgin Islands) (“**NWS Service**”), which was accordingly deemed to be interested in 535,485,105 Shares held by Rocket Parade Limited and 300,000,000 Shares held by Chow Tai Fook Life Insurance Company Limited. NWS Service is a wholly-owned subsidiary of NWS Service Management Limited (incorporated in the Cayman Islands), which is wholly owned by CTF Services Limited (formerly known as NWS Holdings Limited) which is held as to 73.19% by Century Acquisition Limited. Century Acquisition Limited is a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited (“**Chow Tai Fook Enterprises**”). Chow Tai Fook Enterprises is wholly owned by Chow Tai Fook (Holding) Limited, which is held as to 81.03% by Chow Tai Fook Capital Limited, which in turn is held as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and by Cheng Yu Tung Family (Holdings II) Limited, respectively.
- Beijing State-owned Capital Operation and Management Company Limited\* (北京國有資本運營管理有限公司) is interested in 728,035,520 Shares held by its indirect wholly-owned subsidiary Beijing State-owned Capital Operation and Management Investment and Operation Limited.

5. Sunshine Insurance Group Company Limited is interested in 334,142,000 Shares and 252,802,246 Shares held by its wholly-owned subsidiary Sunshine Property and Casualty Insurance Company Limited and 99.99%-owned subsidiary Sunshine Life Insurance Corporation Limited, respectively.
6. HOPU Investments Co. III Ltd (“**HOPU Investments**”) is interested in 507,072,891 Shares held by its indirect wholly-owned subsidiary, Soteria Financial Investment Company Limited (“**Soteria Financial Investment**”). Soteria Financial Investment is a wholly-owned subsidiary of Soteria Financial Holding Company Limited, which in turn is a wholly-owned subsidiary of HOPU USD Master Fund III, L.P., a direct wholly-owned subsidiary of HOPU Investments.
7. As at the Latest Practicable Date, the total number of issued Shares was 7,286,015,440.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than a Director or chief executive of the Company), who had any interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### 3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Mr. Zhao Tianyang is a deputy general manager of Shougang Group, a director of Shougang Holding, and the vice chairman and general manager of Shougang Fund;
- (b) Mr. Xu Liang is the managing director of Shougang Holding;
- (c) Mr. Wu Lishun is the party secretary (黨委書記) and the chairman of Beijing State-owned Capital Operation and Management Company Limited\* (北京國有資本運營管理有限公司);
- (d) Mr. Li Hao is the executive officer (responsible for Greater China Group) and general manager of Greater China Group at ORIX Corporation and the director and president of each of ORIX (China) Investment Company Limited and ORIX Asia Capital Limited, both of which are wholly-owned subsidiaries of ORIX Corporation, and the director and the chief executive officer of ORIX China Industrial Holdings Limited, which is an affiliate of ORIX Corporation;
- (e) Mr. Peng Jihai is an executive director, co-chief executive officer and deputy general manager, chief financial officer, head of investment and chief investment officer of Sunshine Insurance Group Company Limited; and

- (f) Mr. Ho Gilbert Chi Hang is the executive director and co-chief executive officer of CTF Services Limited (formerly known as NWS Holdings Limited) and is the director and co-chief executive officer of Chow Tai Fook Enterprises.

#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which would not expire or would not be determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### 5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, the interests of the Directors in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:

Name of Director	Name of entity whose businesses were considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which were considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Zhao Tianyang	Shougang Fund <sup>#</sup>	Fund management	Vice Chairman and General Manager
Wu Lishun	Beijing State-owned Capital Operation and Management Company Limited* (北京國有資本運營管理有限公司) <sup>#</sup>	Fund management	Party Secretary and Chairman
Peng Jihai	Sunshine Asset Management <sup>#</sup>	Asset management	Director and General Manager
Ho Gilbert Chi Hang	Urban Parking Limited <sup>#</sup>	Car park management	Director

<sup>#</sup> Such businesses may be carried out through the subsidiaries or associates of the entity concerned or by way of other forms of investments.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Hong Kong Listing Rules) had any interest in other business which competes or is likely to compete with the business of the Group as if each of them was treated as a controlling Shareholder of the Company under Rule 8.10 of the Hong Kong Listing Rules.

#### **6. INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2023 (being the date to which the latest published accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of the Group.

#### **7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

#### **8. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

#### **9. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular, and are or may be material:

- (a) the Sale and Purchase Agreement; and

- (b) the placing agreement dated 13 January 2023 entered into between the Company and Huatai Financial Holdings (Hong Kong) Limited (as the placing agent) in respect of the placing to Sunshine Life Insurance Corporation Limited of 252,802,246 Shares at HK\$1.80 per Share. For details, please refer to the announcement of the Company dated 13 January 2023.

## **10. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given its advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Lego Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter and references to its name in the form and context in which they respectively appear. The letter from Lego Corporate Finance Limited is given as of the date of this circular for incorporation in this circular.

## **11. MISCELLANEOUS**

- (a) The registered office of the Company is at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (b) The share registrar of the Company is Tricor Tengis Limited located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Ms. Chan Weng Mui, who is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**12. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the respective websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.shouchengholdings.com/>) for a period of 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the letter from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 18 to 49 of this circular;
- (c) the written consent of the Independent Financial Adviser referred to in the paragraph headed “Experts’ Qualifications and Consents” in this appendix.

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## NOTICE OF GM

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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)

### NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting of Shoucheng Holdings Limited (the “**Company**”) will be held at 10:00 a.m. on Monday, 27 January 2025 at Conference Room 901, Building 2, West 10th Winter Olympic Square, Liaocang Road, Shougang Park, No. 68 Shijingshan Road, Shijingshan District, Beijing, China for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 18 December 2024 entered into between Shougang Holding (Hong Kong) Limited (“**Shougang Holding**”) and Fine Power Group Limited (the “**Vendor**”) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the proposed transfer of 606,927,640 issued shares of Shougang Fushan Resources Group Limited held by the Vendor to Shougang Holding (the “**Proposed Restructuring**”) contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (“**Director**”), or any two Directors or two other persons authorized by the board of Directors if the affixation of the common seal is necessary, be and is/are hereby authorised to do all such further acts and things and to sign and execute all such documents (and to affix the common seal of the Company thereon, if necessary) and to take all such steps which in his/her opinion may be necessary, appropriate, desirable or expedient to implement and/or give effect to the Sale and Purchase Agreement and the Proposed Restructuring contemplated thereunder and, subject to and in accordance with the applicable laws and regulations, to approve and make such immaterial variation, amendment, supplement or waiver of immaterial matters relating thereto in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 11 January 2025

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## NOTICE OF GM

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*Notes:*

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a shareholder of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited with the share registrar of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the meeting (i.e., at or before 10:00 a.m. on Friday, 24 January 2025) or any adjournment thereof (as the case may be).
4. The register of members of the Company will be closed from Wednesday, 22 January 2025 to Monday, 27 January 2025 (both days inclusive) to determine the entitlement to attend and vote at the meeting. During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the meeting, 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 Tuesday, 21 January 2025 for registration.
5. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall alone be entitled to vote in respect thereof.