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首程控股有限公司
SHOUCHENG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 697)

**CONTINUING CONNECTED TRANSACTION
FINANCIAL SERVICES FRAMEWORK AGREEMENT**

FINANCIAL SERVICES FRAMEWORK AGREEMENT

On 26 January 2024, the Company entered into the Financial Services Framework Agreement with Shougang Finance Company in relation to the provision of the Credit Services, Deposit Services and Other Financial Services by Shougang Finance Company to the Group during the Term.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shougang Group is a substantial shareholder of the Company. Shougang Finance Company is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being a wholly-owned subsidiary of Shougang Group. Therefore, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(i) Credit Services

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Daily Credit Cap of the Group with Shougang Finance Company exceeds 0.1% but is less than 5%, the provision of the Credit Services by Shougang Finance Company to the Group under the Financial Services Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(ii) Deposit Services

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Daily Deposit Cap to be placed by the Group with Shougang Finance Company exceeds 0.1% but is less than 5%, the provision of the Deposit Services by Shougang Finance Company to the Group under the Financial Services Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(iii) Other Financial Services

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Service Fee Cap payable by the Group to Shougang Finance Company during the Term for Other Financial Services exceeds 0.1% but is less than 5%, the provision of Other Financial Services by Shougang Finance Company to the Group under the Financial Services Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board hereby announces that on 26 January 2024, the Company entered into the Financial Services Framework Agreement with Shougang Finance Company in relation to the provision of the Credit Services, Deposit Services and Other Financial Services by Shougang Finance Company to the Group on a non-exclusive basis during the Term.

The Principal Terms of the Financial Services Framework Agreement

Date

26 January 2024

Parties

1. the Company; and
2. Shougang Finance Company

Term

Commencing on 26 January 2024 and expiring on 31 December 2024 (both days inclusive)

Scope of services provided by Shougang Finance Company

(i) Credit Services

Shougang Finance Company shall provide comprehensive credit services to the Group, including loans, acceptance of bills, bill discounting, guarantees and other forms of capital financing businesses.

The loan interest rate and fee provided by Shougang Finance Company to the Group shall not be higher than the interest rate or fee of the same type of credit services quoted by other domestic or overseas financial institutions under the same terms and conditions, and shall be determined on arm's length negotiations between the parties in accordance with normal commercial terms.

The Daily Credit Cap of the Group with Shougang Finance Company is RMB400,000,000 during the Term.

(ii) *Deposit Services*

The Group will open deposit accounts at Shougang Finance Company and deposit funds into the said accounts in return for interest income.

The deposit interest rate provided by Shougang Finance Company to the Group shall not be lower than the interest rate of the same type of deposits announced by the People's Bank of China for the same period, the interest rate of the same type of deposits placed by the Group with the major domestic commercial banks for the same period and the interest rate of the same type of deposits placed by other members of Shougang Group with Shougang Finance Company, and shall be determined on arm's length negotiations between the parties in accordance with normal commercial terms.

The Daily Deposit Cap to be placed by the Group with Shougang Finance Company is RMB400,000,000 during the Term.

(iii) *Other Financial Services*

Shougang Finance Company shall provide Other Financial Services, which comprise of settlement services, consultancy services and other financial services, to the Group.

The service fees charged by Shougang Finance Company for the provision of Other Financial Services shall comply with the relevant benchmark rates for such type of services determined by the People's Bank of China or the NFRA, shall not be higher than the service fees of the same type of services charged by major domestic or overseas financial institutions and the average fees charged by Shougang Finance Company for services provided to third parties other than the Group, and shall be determined on arm's length negotiations between the parties in accordance with normal commercial terms.

During the Term, the cap for the cumulative aggregate amount of service fees charged by Shougang Finance Company for the provision of Other Financial Services to the Group is RMB10,000,000 for the period commencing from 26 January 2024 to 31 December 2024.

The Group and Shougang Finance Company will enter into separate agreement(s) setting out the specific scope of services, interest rates, fees, manner and method of payment (lump sum or installments, subject to actual situation), and the terms and conditions thereunder for each service, which shall be determined after arm's length negotiations between the parties in accordance with normal commercial terms and the Financial Services Framework Agreement.

Right to obtain services from other financial institutions

The financial services to be provided by Shougang Finance Company to the Group under the Financial Services Framework Agreement shall be on a non-exclusive basis. The Group has the right to decide on its own whether it requires and accepts the services provided by Shougang Finance Company in light of its own benefits, and also has the right to choose the services provided by other financial institutions on its own.

Caps and Basis of Determination

(i) *Credit Services*

The Daily Credit Cap of the Group with Shougang Finance Company is RMB400,000,000 during the Term. The above proposed Daily Credit Cap is determined after taking into account the following:

1. the existing business requirements, business development and capital requirements of the Group;
2. the current scale of assets, business and revenue of the Group; and
3. the need to broaden financing channels.

(ii) *Deposit Services*

The Daily Deposit Cap to be placed by the Group with Shougang Finance Company is RMB400,000,000 during the Term. The above proposed Daily Deposit Cap is determined after taking into account the following:

1. the existing level of cash and cash equivalents and time deposits at banks held by the Group (“**Cash Level**”). As at 30 June 2023, Cash Level amounted to approximately HK\$3,818,027,000. Daily Deposit Cap represented approximately 9.5% of Cash Level as at 30 June 2023;
2. the expected deposit balances at the end of each month of the Group. Based on the Company’s consolidated management accounts, the average Cash Level for each of the three years ended 31 December 2022 and the six months ended 30 June 2023 were approximately HK\$4,106,778,000, HK\$3,170,562,000, HK\$3,893,421,000 and HK\$3,920,635,000. Daily Deposit Cap represented approximately 10.7%, 13.9%, 11.3% and 11.2% of each of the above average Cash Level respectively;
3. the cash position of the Group and the expected growth of the business operation of the Group;
4. the financial needs of the Group during the term of the Financial Services Framework Agreement; and
5. the basis of determining the deposit interest rate as disclosed above in this announcement.

(iii) *Other Financial Services*

During the Term, the cap for the cumulative aggregate amount of service fees charged by Shougang Finance Company for the provision of Other Financial Services to the Group is RMB10,000,000. The above proposed Service Fee Cap is determined after taking into account the following:

1. the pricing basis of service fees as disclosed above in this announcement;
2. the expected scope and service specifications of Other Financial Services; and
3. the expected demand for Other Financial Services by the Group with reference to the existing scale of operations and anticipated growth.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the above proposed caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL

(i) *Credit Services*

The internal control measures on the determination of interest rate or fee rate for the Credit Services are as follows:

1. The Group will enter into individual agreement(s) with Shougang Finance Company as and when necessary to ensure that the interest rate or fee rate of the Credit Services under the Financial Services Framework Agreement will be no less favourable to the Group than the interest rates or fee rates for the same type of credit services quoted by the other domestic or overseas financial institutions.

The internal control measures on monitoring the proposed Daily Credit Cap in relation to the Credit Services are as follows:

1. The finance department of the Company will monitor the aggregate credit balances of the Group with Shougang Finance Company on a daily basis to ensure that the proposed Daily Credit Cap will not be exceeded. In addition, if the credit balance with Shougang Finance Company is expected to exceed the Daily Credit Cap, Shougang Finance Company shall inform the Company in a timely manner and the Group will arrange for credit services with other financial institutions;
2. The finance department of the Company will report to the management of the Company and provide updates on the credit arrangements with Shougang Finance Company on a monthly basis; and
3. The independent non-executive Directors and auditor of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Credit Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Credit Services) are in accordance with the terms of the Financial Services Framework Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and the proposed Daily Credit Cap.

(ii) *Deposit Services*

The internal control measures on the determination of deposit interest rate for the Deposit Services are as follows:

1. Before entering into any deposit arrangements with Shougang Finance Company, the Group will obtain and compare the deposit interest rates for the same type of deposits quoted by major domestic commercial banks; and
2. The Group will enter into individual agreement(s) with Shougang Finance Company as and when necessary to ensure that the deposit interest rate of the Deposit Services under the Financial Services Framework Agreement will be no less favourable to the Group than the deposit interest rates for the same type of deposits quoted by the other major domestic or overseas commercial banks.

The internal control measures on monitoring the proposed Daily Deposit Cap in relation to the Deposit Services are as follows:

1. The finance department of the Company will monitor the aggregate amount of funds deposited into the designated accounts of the Group at Shougang Finance Company together with accrual interest on a daily basis to ensure that the proposed Daily Deposit Cap will not be exceeded. In addition, if the deposits of the Group placed with Shougang Finance Company are expected to exceed the Daily Deposit Cap, Shougang Finance Company shall inform the Company in a timely manner and the Group will arrange for the transferring of funds to other deposit accounts of the Group or suspend additional Deposit Services;
2. The finance department of the Company will report to the management of the Company and provide updates on the deposit arrangements with Shougang Finance Company on a monthly basis; and
3. The independent non-executive Directors and auditor of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to the Deposit Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to the Deposit Services) are in accordance with the terms of the Financial Services Framework Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and the proposed Daily Deposit Cap.

The credit risk control measures on the Deposit Services are as follows:

1. Shougang Finance Company, as a non-bank financial institution approved by the NFRA, guarantees that it will strictly comply with the regulatory requirements of the NFRA when conducting its operation and business;
2. Shougang Finance Company shall provide the Group with its quarterly financial statements and annual audit report for the review by the management of the Company;
3. Shougang Finance Company shall provide an information system platform to assist with the internal financial management of the Group so that the Group can real-time monitor its accounts and funds;
4. For the purpose of credit assessment, the finance department of the Company will review (i) the financial reports and other statements provided by Shougang Finance Company (as stated in paragraph (2) above) on a regular basis; and (ii) review the credit rating reports on Shougang Group and/or Shougang Finance Company (if any) published by credit rating agencies recognized by the People's Bank of China from time to time; and
5. To ensure that the Group will have sufficient working capital and liquidity for its business operations, the finance department of the Company will monitor the cash position of the Group from time to time and the Group will make withdrawals where necessary from the amount deposited with Shougang Finance Company under the Deposit Services.

(iii) Other Financial Services

The internal control measures on the determination of service fees for Other Financial Services are as follows:

1. Before entering into any separate service agreement with Shougang Finance Company, the Group will obtain and review the service fees and terms for the same type of financial services quoted by at least three major domestic or overseas financial institutions; and
2. The Group will enter into separate service agreement(s) with Shougang Finance Company as and when necessary to ensure that the service fees of Other Financial Services will be no less favourable to the Group than the service fees for the same type of financial services quoted by the other domestic or overseas financial institutions.

The internal control measures on monitoring the proposed Service Fee Cap in relation to Other Financial Services are as follows:

1. The finance department of the Company shall monitor aggregate amount of continuing connected transactions relating to Other Financial Services from time to time. In the event that the service fees incurred and to be incurred in respect of Other Financial Services are expected to reach the Service Fee Cap, the finance department of the Company will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the Service Fee Cap is required, report particulars to the Board and hold a Board meeting for considering the matters in relation thereto to ensure compliance with the requirements under the Listing Rules; and
2. The independent non-executive Directors and auditor of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the transactions relating to Other Financial Services) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions (including the transactions relating to Other Financial Services) are in accordance with the terms of the Financial Services Framework Agreement and other relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and the proposed Service Fee Cap.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Group has formed a close and mutually beneficial cooperative long-term relationship with Shougang Group and its associates. Shougang Finance Company is familiar with the Group's capital structure, business operations and cash flow pattern. The ongoing cooperation between the two parties will help the Group to obtain more flexible and effective financial related services, which will in turn support the Group's infrastructure asset management business.

Shougang Finance Company is a non-bank financial institution approved by the NFRA. Shougang Finance Company serves as a platform for mutual financing among members of Shougang Group (including the Group) through deposit-taking, loan-granting, financial consulting and other financial products. Shougang Finance Company utilizes financial technology informatization network means to monitor the flow of funds in real time, achieving safe and efficient fund operation as well as centralized fund operation efficiency. It provides low-cost financing for members of Shougang Group with lowering finance costs through self-operated loans and syndicated loans. Since its establishment, Shougang Finance Company has been focusing on the development strategy of Shougang Group, firmly implementing its business functions, serving the development of real economy by financial means and promoting the deep integration of finance and industry. As at 30 June 2023, the total assets of Shougang Finance Company amounted RMB53.65 billion, with a

capital adequacy ratio of 26.78% and a liquidity ratio of 51.24%. Shougang Finance Company has been operating in a standardized and stable manner with a healthy capital structure and professional risk management capability.

The transactions contemplated under the Financial Services Framework Agreement are on normal commercial terms. In respect of the Credit Services, the interest rate or fee rate provided by Shougang Finance Company to the Group will not be higher than the interest rate or fee rate of the same type of credit services quoted by other domestic or overseas financial institutions, which would enable the Group to reduce financing costs. In respect of the Deposit Services, the deposit interest rate in relation to the Deposit Services will be not lower than the interest rates the Group would receive from major domestic or overseas commercial banks, which would enable the Group to generate higher interest income therefrom. In respect of the Other Financial Services, the relevant service fees shall not be higher than the service fees of the same type of services charged by major domestic or overseas financial institutions and the average fees charged by Shougang Finance Company for the same type of services provided to other parties.

In addition, the services under the Financial Services Framework Agreement are on a non-exclusive basis. The Group has the right to decide whether or not to choose Shougang Finance Company to provide the financial related services based on its actual needs, and also has the right to choose other financial institutions to provide the relevant services.

In view of the above reasons, the Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting on the relevant Board resolutions) consider that the Financial Services Framework Agreement and the transactions contemplated thereunder are fair and reasonable, are entered into on normal commercial terms or better in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

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

Shougang Finance Company and Shougang Group

Shougang Finance Company is a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of Shougang Group. Shougang Finance Company is a financial institution in the PRC regulated by the NFRA.

Shougang Group is a state-owned enterprise established in the PRC and a substantial shareholder of the Company, which is principally engaged in a wide variety of businesses such as steel industry, mining, machinery and equipment development, electronics, building, real estate, and related services, etc.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shougang Group is a substantial shareholder of the Company. Shougang Finance Company is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being a wholly-owned subsidiary of Shougang Group. Therefore, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(i) *Credit Services*

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Daily Credit Cap of the Group with Shougang Finance Company exceeds 0.1% but is less than 5%, the provision of the Credit Services by Shougang Finance Company to the Group under the Financial Services Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(ii) *Deposit Services*

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Daily Deposit Cap to be placed by the Group with Shougang Finance Company exceeds 0.1% but is less than 5%, the provision of the Deposit Services by Shougang Finance Company to the Group under the Financial Services Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(iii) *Other Financial Services*

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Service Fee Cap payable by the Group to Shougang Finance Company during the Term for Other Financial Services exceeds 0.1% but is less than 5%, the provision of Other Financial Services by Shougang Finance Company to the Group under the Financial Services Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Wu Lishun, by virtue of his connection with BSCOMC, and 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 Financial Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Financial Services Framework Agreement and the transactions contemplated thereunder and therefore none of the Directors has been required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“BSCOMC”	Beijing State-owned Capital Operation Management Company Limited* (北京國有資本運營管理有限公司), a limited liability company established in the PRC, which is funded by the Beijing Municipal Government and holds 100% equity interest of Shougang Group on behalf of the State-owned Assets Supervision and Administration Commission (“SASAC”) of People’s Government of Beijing Municipality. Both of

Shougang Group and BSCOMC are ultimately owned by SASAC;

“Company”	Shoucheng Holdings Limited (stock code: 697), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Credit Services”	the credit services to be provided by Shougang Finance Company to the Group under the Financial Services Framework Agreement, details of which are set out in the paragraph headed “FINANCIAL SERVICES FRAMEWORK AGREEMENT – The Principal Terms of the Financial Services Framework Agreement – Scope of services provided by Shougang Finance Company – (i) Credit Services” in this announcement;
“Daily Credit Cap”	the proposed maximum aggregate daily credit balance (including the corresponding interest accrued thereon) received by the Group from Shougang Finance Company during the Term pursuant to the Financial Services Framework Agreement;
“Daily Deposit Cap”	the proposed maximum aggregate daily balance of deposits (including the corresponding interest accrued thereon) placed by the Group with Shougang Finance Company during the Term pursuant to the Financial Services Framework Agreement;
“Deposit Services”	the deposit services to be provided by Shougang Finance Company to the Group under the Financial Services Framework Agreement, details of which are set out in the paragraph headed “FINANCIAL SERVICES FRAMEWORK AGREEMENT – The Principal Terms of the Financial Services Framework Agreement – Scope of services provided by Shougang Finance Company – (ii) Deposit Services” in this announcement;
“Director(s)”	director(s) of the Company;
“Financial Services Framework Agreement”	the financial services agreement entered into between the Company and Shougang Finance Company on 26 January 2024;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NFRA”	National Financial Regulatory Administration* (國家金融監督管理總局);

“Other Financial Services”	the settlement services, consultancy services and other financial services to be provided by Shougang Finance Company to the Group under the Financial Services Framework Agreement, details of which are set out in the paragraph headed “FINANCIAL SERVICES FRAMEWORK AGREEMENT – The Principal Terms of the Financial Services Framework Agreement – Scope of services provided by Shougang Finance Company – (iii) Other Financial Services” in this announcement;
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Service Fee Cap”	the proposed maximum aggregate amount of service fees payable by the Group to Shougang Finance Company during the Term pursuant to the Financial Services Framework Agreement;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Shougang Finance Company”	Shougang Group Finance Company Limited* (首鋼集團財務有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of Shougang Group;
“Shougang Group”	Shougang Group Co., Ltd.* (首鋼集團有限公司), a solely state-owned company established in the PRC and a substantial shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Term”	the term commencing from 26 January 2024 and ending on 31 December 2024 (both days inclusive); and
“%”	per cent.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 28 January 2024

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

**For identification purposes only*