



Shoucheng Holdings Limited (0697.HK)

2020 Interim Results

September 2020

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2020 Interim Financial Highlights

2020 Interim Financial Highlights

The core businesses continue to maintain a rapid growth and carpark operation business recorded profit for the first time, with an increase in interim dividend in order to reward our shareholders.



Strong growth in both revenue and profit

- Revenue increased rapidly by **61%** compared with the same period last year and recorded HKD258 million in the first half year of 2020. The revenue of carpark operation business was up by **126%** year-on-year, and the revenue of management of private funds that are oriented towards urban renewal business was up by **22%** year-on-year.
- Profit attributable to the owners of the company was HKD441 million, up by **45%** year-on-year. The carpark operation business has recorded **profit for the first time**.



Maintain a low gearing capital structure and strong risk resilience

- Total assets was HKD13.8 billion, up by **26%** as compared to 31 December 2019, with cash and financial products amounting to approximately HKD5 billion.
- The debt to asset ratio was 18.5% and the debt equity ratio was only **4%**.

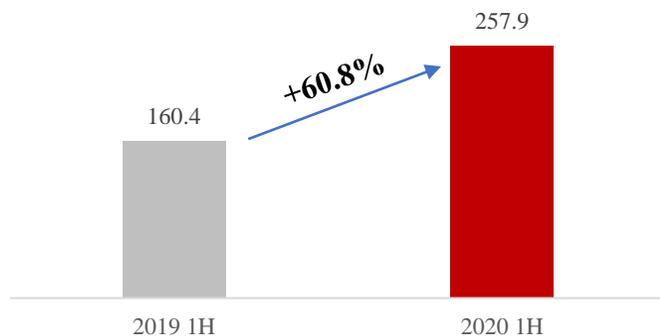


Dividend increased by 50% year-on-year

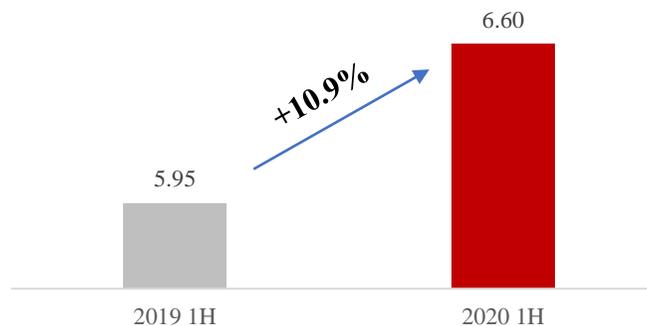
- The company has announced that the total interim dividends for the six months ended June 30, 2020 would be **HKD300 million** (Total interim dividends for 2019: HKD200 million), up by **50%** year-on-year.

Key Performance Indicators of Interim Results

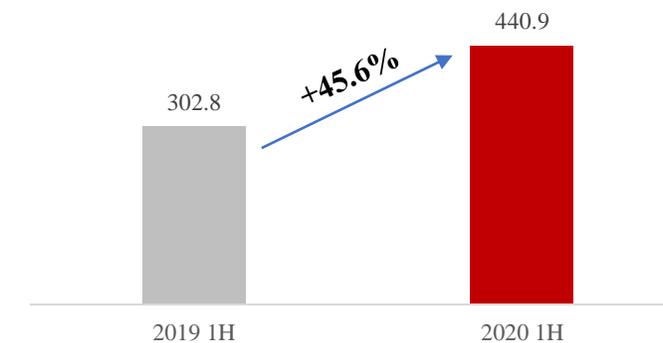
Revenue (HKD million)



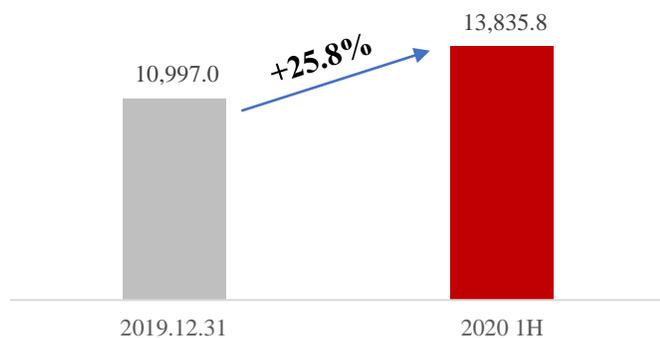
Basic earnings per share (HK cents)



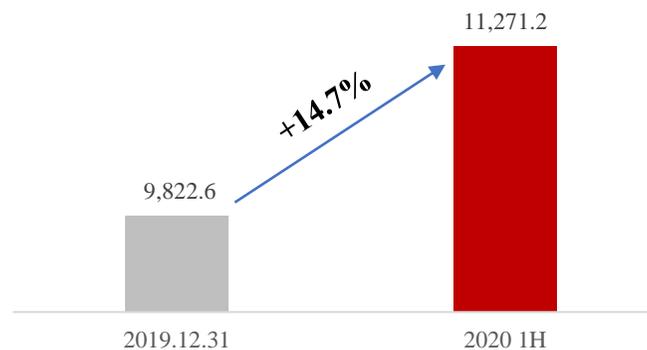
Profit attributable to the owners of the company (HKD million)



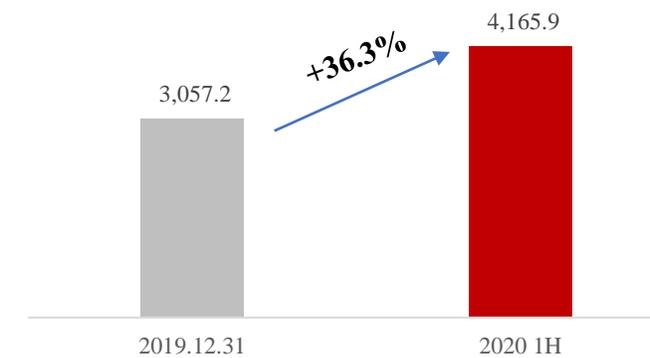
Total assets (HKD million)



Total equity (HKD million)



Bank balances and cash (HKD million)



Note: The data in the income statement from Jan to June 2019 has been restated



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Financial Overview

Financial Overview

Income Statement (HKD million)			
Item	2020 1H	2019 1H	Change %
Revenue	258	160	+60.8
—Carpark Operation	155	69	+126.5
—Fund Management	103	84	+22.6
Segment profit	295	117	+152.3
—Carpark Operation	218	-15	Recorded profit for the first time
—Fund Management	77	46	+67.4
Profit attributable to the owners of the company	441	303	+45.6
Basic earnings per share(HK cents)	6.60	5.95	+10.9

Balance Sheet (HKD million)			
Item	2020.6.30	2019.12.31	Change %
Total assets	13,836	10,997	+25.8
—Current assets	5,415	3,810	+42.1
—Non current assets	8,421	7,187	+17.2
Total liabilities	2,565	1,174	+118.5
—Current liabilities	930	290	+220.7
—Non current liabilities	1,635	884	+85.0
Total equity	11,271	9,823	+14.7
Debt equity ratio	4%	5%	Decreased by1%

Note: The profit of the fund management business from Jan to June 2019 has been excluded from bargaining acquisition gains and the data in the income statement from Jan to June 2019 has been restated

Note: The debt-to-equity ratio = Total interest bearing liabilities/ Equity attributable to the owners of the company

- With rapid expansion of the scale of both carpark operation and fund management business, the revenue and the cost of sales increased significantly.
- Main business recorded a revenue of HKD258 million from continuous operations, up by **61%** year-on-year, and the profit attributable to owners of the company was HKD441 million, up by **45%** year-on-year.

- Total assets was HKD13.8 billion, with an increase of **26%** compared to 31 December 2019 and total equity was HKD11.3 billion, with an increase of **15%** compared to 31 December 2019.
- In the first half of 2020, new and former strategic shareholders invested into the Company and provided sufficient cash reserves for the business development, with cash and financial products amounting to approximately **HKD5 billion**.

Segment Overview

Segment/Entity	Attributable Interest	For the six months ended June 30	
		2020	2019(restated)
		HKD million	HKD million
1. Carpark operation	100%	218	(15)
2. Fund management	100%	77	132
Sub-total		295	117
3. Holding other business assets			
Shougang Resources	27.61%	139	164
Shougang Century	Nil(Before April 9, 2019:35.71%)	-	5
Sub-total		139	169
4. Other			
Disposal of equity interest of Shougang Century		-	(125)
Australian tax recoverable		-	148
Corporate and others		7	(4)
Sub-total		7	19
Continuing operations		441	305
Discontinued operation		-	(2)
Profit attributable to owners of the company		441	303

Segment Businesses Performance

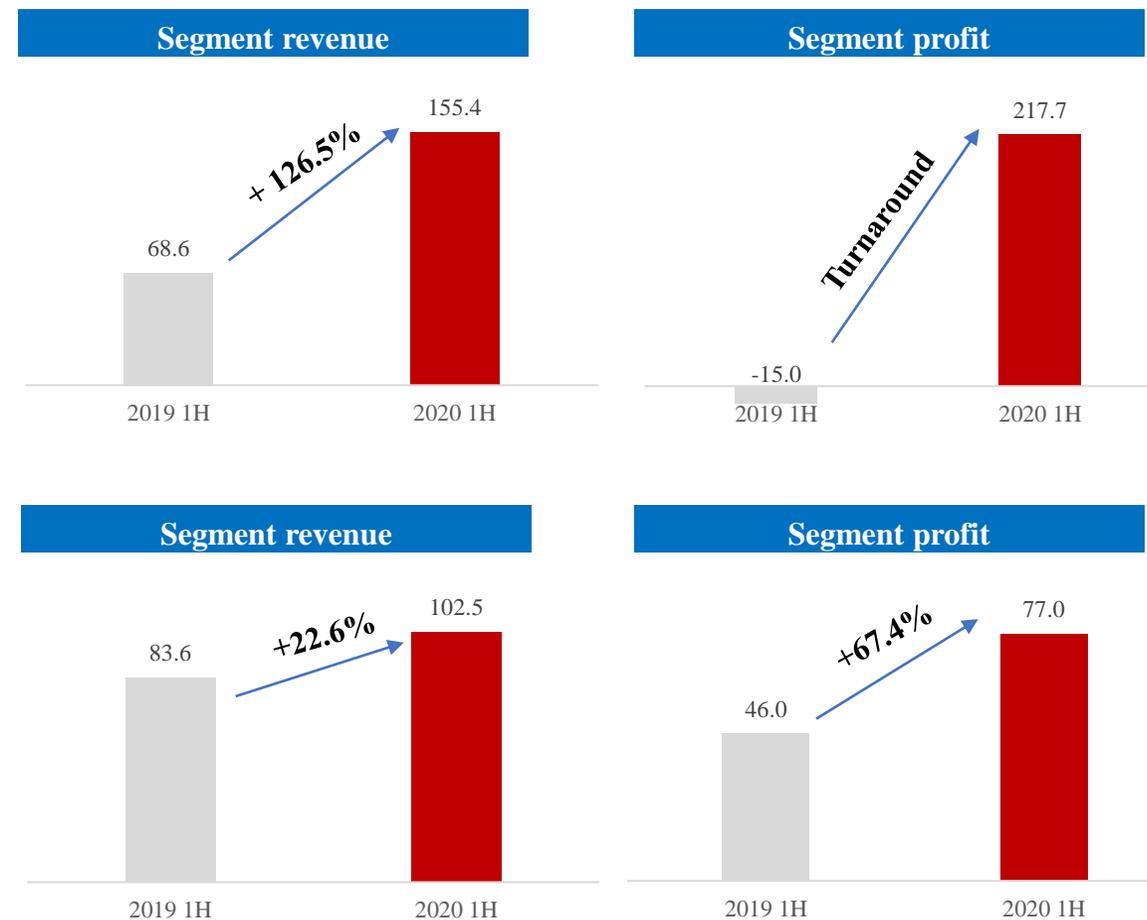
Carpark operation

- **Number of signed carpark spaces:** The number of signed carpark space has increased rapidly in the first half of 2020. As of June 2020, the cumulative number of signed carpark space has **exceeded 100,000**.
- **Revenue:** Revenue of the first half of 2020 was HKD155 million, up by **126%** year-on-year.
- **Profit:** In the first half of the year, carpark operation business benefited from revaluation formed by the carpark asset investment fund and recorded profits for the first time.

Fund management

- **The scale of fund under management:** The scale of fund under management increased continuously, as of June 2020, the cumulative fund under management reached **RMB43.4 billion**.
- **Revenue:** Revenue in the first half of 2020 was HKD103 million, up by **23%** year-on-year.
- **Profit:** Segment profit was HKD77 million in the first half of 2020, up by **67%** year-on-year.

Unit: HKD million



Note: The profit of the fund segment from Jan to June 2019 has been excluded from bargaining acquisition gains



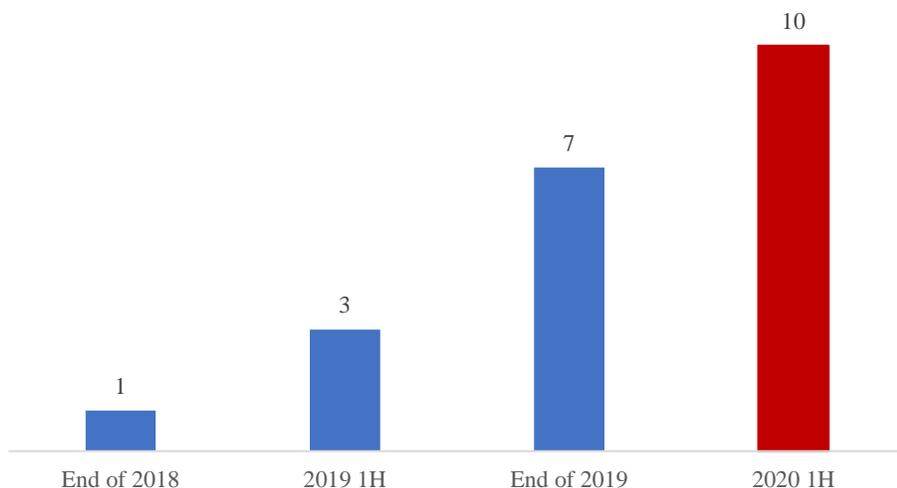
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Business Development

Carpark Operation Business

Regional layout

Number of signed carpark space (10,000)



The carpark operation business focuses in 4 major regions:

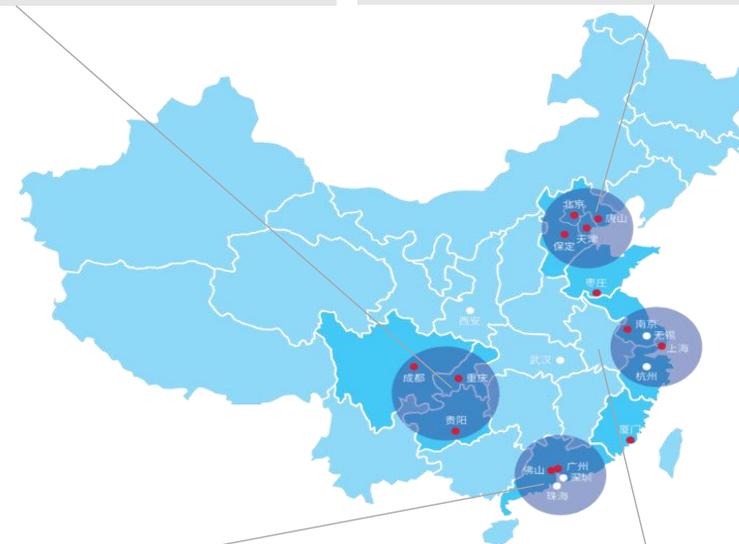
- Beijing-Tianjin-Hebei Region, Yangtze River Delta Region, Southwest China Region and Greater Bay Area Region.
- In the first half of the year, the cumulative number of signed carpark space has **exceeded 100,000**.

■ The Southwest China

- Guiyang Longdongbao Airport
- Western Wisdom Valley Project in Chengdu
- IKEA Parking Project in Chongqing

■ Beijing-Tianjin-Hebei area

- Beijing Capital International Airport
- Beijing Daxing International Airport
- Baoding Roadside Project



■ The Greater Bay Area

- Cooperation Project with Vanke in Guangzhou
- Cooperation Project with Vanke in Foshan
- Vanke Yuncheng in Tianhe, Guangzhou

■ Yangtze River Delta

- Shanghai Hongqiao International Airport
- Shanghai Pudong International Airport
- Qinhuai District, Gulou District and Jianye District in Nanjing

Progress of key projects

Airport projects

As a landmark facility with large space and flow, the airport provides an enormous imagination for the car parking products application scenarios. The Company continues to stay ahead in the airport car parking field in 2020.

- Won the bid for **Hainan Bo'ao Airport** and **Shanghai Pudong International Airport's P1 & P2** parking building projects, showing the leading status in the airport car parking field with market recognition, good brand image and reputation.
- The **Beijing Capital International Airport** project bid in 2019 is in full operation in 2020, forming the "one city, two airports" pattern in Beijing, the Company achieved a full coverage of car parking resources for all the Beijing-Shanghai airline airports.



Daxing Airport



Capital Airport



Hongqiao Airport



Pudong Airport



Guiyang Longdongbao Airport



Bo'ao Airport

Progress of key projects

Roadside parking

- Signed a cooperation agreement covering ~ **13,000** roadsides carpark spaces distributed on 40 streets in the core areas of Baoding, Hebei Province with an operation term of 30 years.

Other key projects

- Won the bid for the **Nanjing Jianye District** car parking project, which consolidated and strengthened the Company's competitiveness in the Yangtze River Delta Region. The city-level car parking cooperation projects have been launched in Nanjing including Qinhuai District, Gulou District and Jianye District.
- Won the bid for the **Chongqing Dadukou** project, creating a benchmark project with replicable operation model.

Carpark Fund

Carpark asset investment fund

- It is a new business model to cooperate with leading domestic enterprises to obtain high-quality carpark spaces' ownership right. The Company benefits from both **rental income** and **asset value appreciation** in the long-term operation. This model has performed very well in Guangzhou and Foshan projects, and the asset appreciation gain has become new profit growth point for the Company.

Carpark industry investment Fund

- In 2020, the Company established Nanjing Shougang Jianye Smart Parking Investment Fund with the Jianye District of Nanjing City with a total fund scale under management of RMB **1 billion**. The establishment of the fund successfully built a closed loop of the parking industry ecosystem, a full chain coverage of car parking planning & design, investment & construction and operation & management.

The Company's management of private funds that are oriented towards urban renewal business takes urban renewal as the main direction with business model of fund, and promotes urban renewal projects with a very "light" asset management model



The real estate financial model

- With the real estate financial model of “funds + bases+ industries” to participate in the development, management, operation, and exit stage, this will lead the concentration of high-end industries.



The total scale of funds under management

- The Company has managed or been responsible for investing into or operating **26** funds in total.
- Accumulated fund management scale is approximately **RMB4.34 billion**, with an increase of approximately **RMB3 billion** compared to 2019 interim.



Star investors/partners

- Government fund investment institutions: The National Council for Social Security and the provincial & municipal government fund including Beijing, Hebei, Jilin and Sichuan, etc.
- Financial investment institutions: Singapore Golden Eagle Group, Agricultural Bank of China, China Merchants Bank, etc.



Multiple income resource

- The Company benefits from the steady growth in **management fee** as fund manager.
- During the subsequent fund withdrawal period, it is expected to bring **excess returns** to the Company.



Fund Management Business

The Shouao Industrial Park project

- The 2022 Winter Olympic organization committee settles in the Shougang Park. The Shouao Industrial Park project jointly launched by the Company and **Tishman Speyer** (a renowned real estate developer) has commenced construction and is scheduled to be put into operation in May 2021. It is expected to become the first large-scale **commercial complex** at Shougang Park to serve the 2022 Beijing Winter Olympic Games and the citizen at the surrounding areas.
- The project will cooperate with many well-known sports, catering, art, high-tech brands. In the future, it will introduce a number of first concept fusion stores in Beijing and also corporate headquarters.



Private Equity Investment ——“Bayi Space” & “Leading Ideal”

Private equity investment fund

- The Company’s equity investment business adheres to the concept of ‘keep straight and be innovative, incubating with ecology’.
- The private equity investment business mainly focuses on industrial investment in areas such as **smart travel, medical health, and new materials**.
- On one hand, equity investment business earns **profit** for the Company, on the other hand, it is also expected to provide an ecological platform to promote repeated operation and innovation and incubation in core business industry.

Bayi Space(Stock Code: 688181)

- The “Bayi Space” which the fund under the Company’s management has invested in, was listed on the **A-shares Science and Technology Innovation Board**, it is expected to bring excess investment returns to the Company.

Leading Ideal(Stock Code: LI)

- The Company’s strategic investment in “LEADING IDEAL” was officially listed on the **U.S. Nasdaq** on 30 July 2020, it is also expected to bring excess investment returns to the Company.





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Strategic Investor

Strategic shareholders with diverse backgrounds



Shougang Group



ORIX Group



NWS Group



HOPU



JD Digitals



CIMC



Matrix Partners China

- Since the Company's strategic transformation, the Company received tremendous capital support from the strategic shareholders with diverse backgrounds. It provided a full range of support to the Company, not just a reliable pool of cash reserves but also industry resources, forming a strong **synergy effect** with the Company's parking asset management business.

Strategic investors increased their investment in 2020

The Company has received additional capital contribution from its existing shareholders:

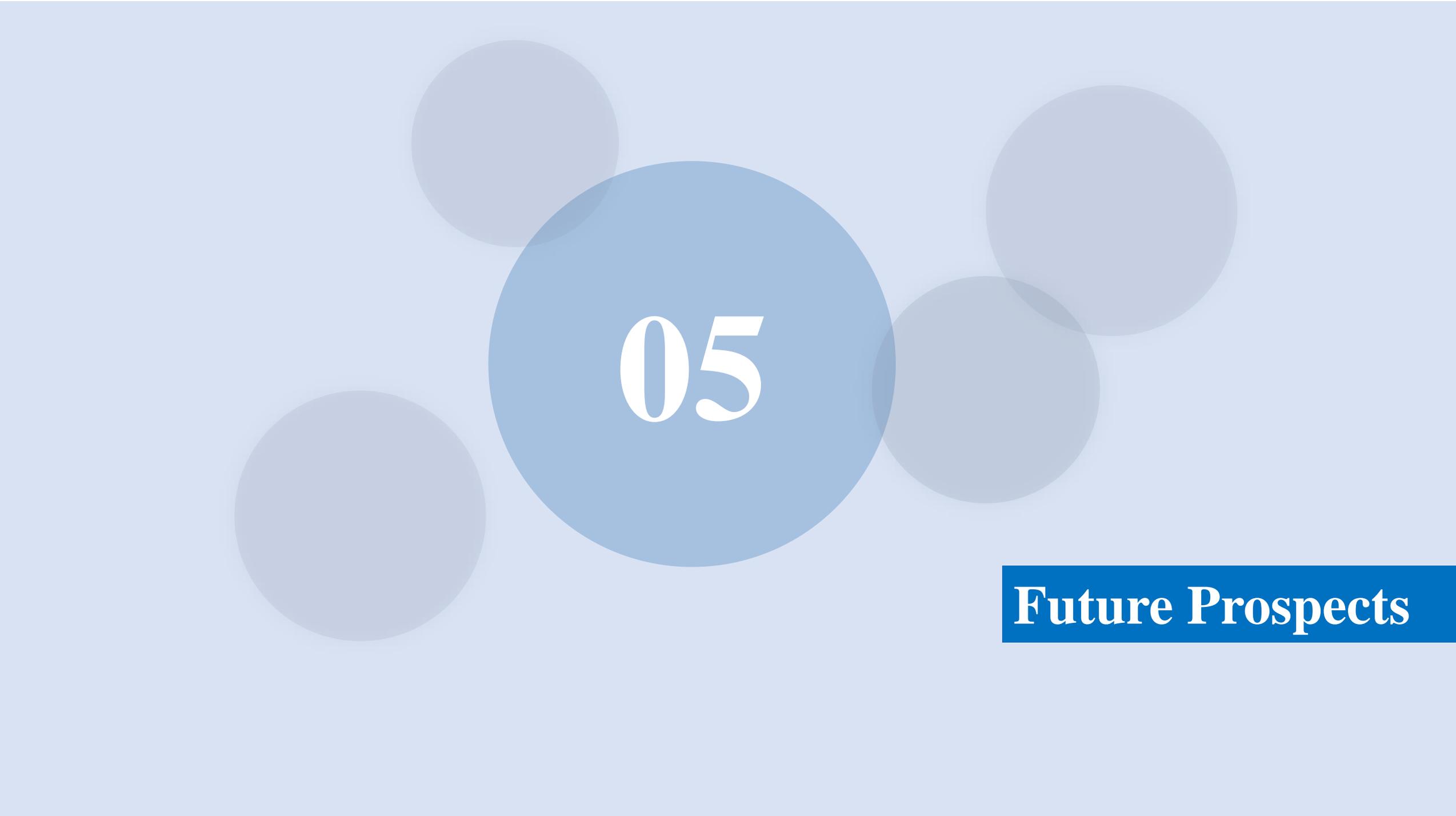
- Shougang Group, ORIX Group, NWS Group and Matrix Partners China invested approximately **HKD1.7 billion** in total in 2020. All convertible bond were converted into shares.

New strategic investment:

- The Company completed the convertible bonds subscription agreement with Greater Bay Area Homeland Investments Fund, with the total principal amount of **HKD300 million**.



- ✓ Based on the development prospects of China's parking industry and also the recognition of the Company.
- ✓ The government and corporate resources, financial strength and strategic resources of invested companies in the Greater Bay Area will help the Company with business expansion in the **Greater Bay Area** and accelerate business layout in the Greater Bay Area business from a dotted layout to a grid and density layout.



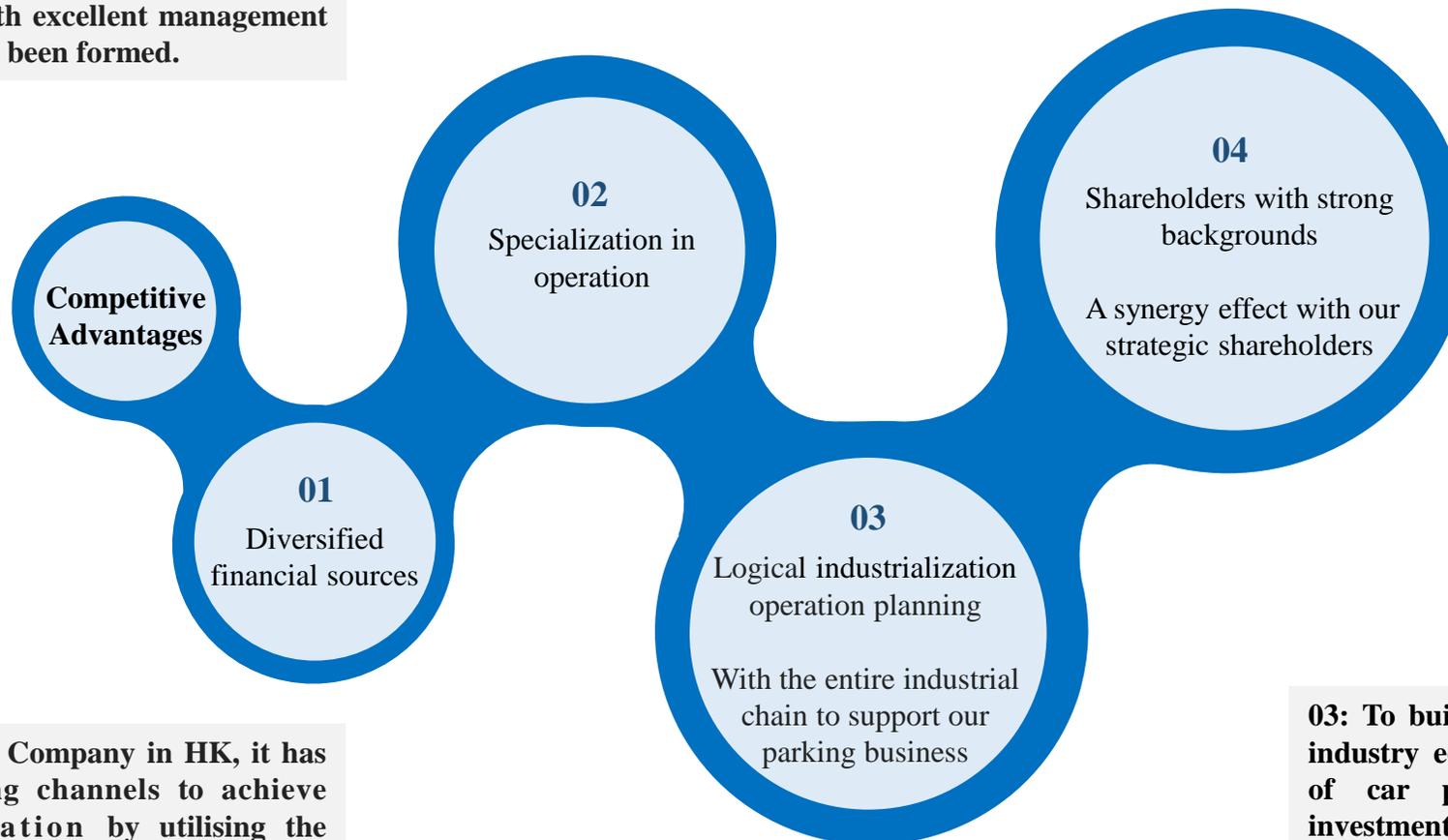
05

Future Prospects

Our Competitive Advantages

Four main competitive advantages

02: A mature replicable system of high-quality parking resources with excellent management & operation team has been formed.



01: As being a listed Company in HK, it has diversified financing channels to achieve strategic cooperation by utilising the flexibility of the capital market.

04: Strategic shareholders with diverse backgrounds, this will assist the Company in all aspects in terms of capital and business resources.

03: To build a closed loop of the parking industry ecosystem, a full chain coverage of car parking planning & design, investment & construction, and operation management.

Carpark operation segment

- The domestic car parking industry in the PRC currently has serious problems including excessive market dispersion, weak technology and low management efficiency as well as lack of leading enterprise in the industry, which represent a huge space for integration and market expansion. Meanwhile, we also notice that the industry is gaining higher market attention and increasing number of investors and large and medium sized enterprises have invested in the industry. As the first and only listed Company in China that focuses on the investment and operation of car parking assets, the Company is committed to becoming a pioneer and promoter of the car parking industry by continuing to consolidate and strengthen its existing advantage as the first-mover and increasing its investments in the car parking industry.
- The government and corporate resources, financial strength and strategic resources of invested companies in the Greater Bay Area will help the Company further explore space for business expansion in the Greater Bay Area, acquire high-quality parking assets in the region, and accelerate the Greater Bay Area business, the expansion extends from a dotted layout to a grid and density layout, and establishes a leading position in the Greater Bay Area market, thereby forming a pattern of simultaneous development of the four core areas of Beijing-Tianjin-Hebei, Yangtze River Delta, Chengdu-Chongqing Metropolis and the Greater Bay Area to further consolidate the leading position of the parking industry.
- It is expected that the Company will achieve extremely fast development in respect of car parking assets operation and management in the future.

Fund segment

- While creating long-term and stable profits for the Company, the fund management business also contributed to the growth of the Company's urban renewal and car parking business. A unique development model of "funds + bases + industries" was formed, providing a solid foundation for the Company's robust growth in the future. In addition, in view of the strong fundraising capability and tremendous investors base (international large-scale financial institutions and provincial and municipal government investment fund of the Company), it is expected that the management service income from future private equity fund business and net profit contribution from investment exit will continue to rise as the fund size increases.
- In addition, through the establishment of a special parking industry fund and equity investment in the field of "travelling", it has created strong synergies with the Company's deeply cultivated parking asset management business.

Thank you for your support to Shoucheng Holdings

