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FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

This announcement is made on a voluntary basis by Shoucheng Holdings Limited (the “**Company**”) for the purpose of further increasing the level of corporate governance and enhancing its transparency.

HIGHLIGHTS OF QUARTERLY RESULTS

For the three months ended 31 March 2022:

- ◆ The Group recorded revenue of approximately HK\$293 million, representing an increase of 81.1 % from the same period of last year.
- ◆ The Group recorded gross profit of approximately HK\$171 million, representing an increase of 325.8 % from the same period of last year.
- ◆ The Group recorded operating profit of approximately HK\$158 million, representing an increase of 2,670.1 % from the same period of last year.
- ◆ The basic earnings per share for the period was HK1.49 cents, representing an increase of HK33.68 cents compared to basic loss per share of HK32.19 cents from the same period of last year.
- ◆ The diluted earnings per share for the period was HK1.49 cents, representing an increase of HK33.68 cents compared to diluted loss per share of HK32.19 cents from the same period of last year.

SUMMARISED INFORMATION

The board of directors (the “**Board**”) of the Company is pleased to announce the summarised information in relation to the unaudited condensed consolidated quarterly results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2022.

KEY FINANCIAL INFORMATION

As extracted from the unaudited condensed consolidated statement of comprehensive income	Three months ended 31 March		Variance
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	
Revenue	293,186	161,909	81.1%
As attributed by the Group's			
(i) Parking business	146,283	104,177	40.4%
(ii) Infrastructure and real estate fund management business	146,903	54,215	171.0%
(iii) Others	-	3,517	(100.0%)
Gross profit	171,325	40,234	325.8%
Operating profit	158,446	(6,165)	2,670.1%
Profit/(loss) attributable to owners of the Company	108,386	(2,321,429)	104.7%
As extracted from the unaudited condensed consolidated statement of financial position	31 March 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)	Variance
Total assets	13,883,323	13,382,240	3.7%
Net assets	10,586,232	10,228,407	3.5%
Bank balances and cash	4,020,658	2,573,462	56.2%
Wealth management products and fixed income financial assets	990,302	1,095,654	(9.6%)
Asset – Liability ratio	23.7%	23.6%	+0.1%
Debt equity ratio#	10.2%	7.4%	+2.8%

Debt equity ratio refers to the total borrowings of the Group for the relevant period as divided by equity attributable to the owners of the Company for the relevant period.

The unaudited financial results of the Group for the three months ended 31 March 2022 have been prepared in accordance with the same accounting policies which had been adopted in the audited financial statements of the Group for the year ended 31 December 2021.

BUSINESS OVERVIEW

In the first quarter of 2022, under the influence of the COVID-19, the core business of the Group still demonstrated a strong momentum of development, with its business scale having expanded steadily, and profitability continuing to increase.

The Group recorded revenue of approximately HK\$293 million for the three months ended 31 March 2022, representing an increase of 81.1% from the same period of last year. The increase of revenue on the one hand was attributed to the steady expansion of asset management scale of the parking business and infrastructure and real estate fund; while on the other hand, it was attributed to the investment return contributed by the Group's strategic investment in the parking business and publicly-offered infrastructure REITs sector. The profit attributable to the owners of the Company amounted to approximately HK\$108 million for the period, while a loss attributable to the owners of the Company was approximately HK\$2,321 million from the same period of last year. This was mainly due to the provision for the impairment loss after the Group took into account the market price and the cost to dispose, at the time, of its indirect interest in Shougang Fushan Resources Group Limited (a company listed in the Main Board of The Stock Exchange of Hong Kong Limited with stock code 639).

The parking business of the Group recorded revenue of approximately HK\$146 million in the first quarter of 2022, representing an increase of 40.4% from the same period of last year. The strong momentum of business growth continued in spite of the COVID-19. The Group has insisted on practicing “internal skills” in crisis. Through the four measures, including operational standardization, operational strategy optimization, technological empowerment and mechanism reformation, the Group has carried out parking site-level optimization and improvement to achieve cost reduction and efficiency improvement in operations. In the first quarter of 2022, the Group achieved cost reduction of over HK\$1 million under the aggravation of the COVID-19. In the future, as the impact of the COVID-19 gradually subsides, with the recovery of social and economic vitality and the travelling demand, the growth potential of the Group's parking business is expected to be further released.

In terms of business expansion, the Group has continued to adhere to the principle of “good location, large scale and real interest”, and has proactively expanded its reach on market regions and development space based on market demand, including:

- The Beijing-Tianjin-Hebei Region is the core area with the largest scale of parking assets of the Group. The Group successfully secured a number of parking projects in the first quarter of 2022, including Beijing Tongzhou Moon River Leisure Town Parking Lot Project*(北京通州月亮河休閒小鎮停車場項目), Beijing Qiaobo Ice and Snow World Parking Lot Project*(北京喬波冰雪世界停車場項目) and Beijing Qidi Xiangshan Underground Parking Lot Project*(北京啟迪香山地下停車場項目). The Group continued to polish the municipal supporting products, and won bids of the roadside electronic charging, operation and maintenance project for the 12 road sections of Beijing’s Shunyi District*(北京順義區 12 條路段路側停車電子化收費運維項目), which is aimed to provide comprehensive parking management services for Shunyi District of Beijing.
- In the Southeast Region, the Group sustained the rapid growth trend. For the construction of social public parking facilities in Jianye District of Nanjing, new agreements were signed by the Group for Nanjing Jianye District Lianhua New City North Garden Project*(南京市建鄴區蓮花新城北苑項目) and Nanjing Nanyuan Northeast Corner Parking Project*(南京南苑東北角停車項目) in the first quarter of 2022. Taking Nanjing as the center to radiate the Southeast Region, the Wuxi market was successfully developed in the first quarter of 2022, and new agreements were entered into by the Group for the Wuxi Dacheng Industrial Park Project*(無錫大成工業園項目) and Wuxi Xidong New Town Business District Parking Project*(無錫錫東新城商務區停車項目).
- In Greater Bay Region, the Group continued to maintain a good cooperative relationship with Vanke Service Co., Ltd.*(萬科物業發展股份有限公司), a leading real estate corporation in Mainland China and completed the acquisition of Foshan Vanke Jinyu Central Parking Spaces with Property Rights Projects*(佛山萬科金域中央產權車位項目). In the parking spaces with property rights segment, the Group is continuing the cultivation of its precise investment and the lean operating capabilities, seizing the industry opportunities, continuously expanding the scale of asset management and improving the level of income and profitability.

Meanwhile, the Group continued to increase investment in technological innovation, and researched and developed new business model. The Group has self-built the photovoltaic power station in the parking building and connected to the grid. Furthermore, the Group has established strategic cooperation with a number of electric vehicles charging stations providers, and the city-level smart parking system has been gradually implemented in phases and was highly recognized by the local regional government.

** For identification purpose only*

The infrastructure and real estate fund management business still maintained a rapid growth and recorded revenue of approximately HK\$147 million for the three months ended 31 March 2022, representing an increase of 171.0% from the same period of last year. The Group recorded fund management fee income of approximately HK\$46 million in the first quarter of 2022. In addition to achieving stable fund management fee income, the infrastructure and real estate fund management business has also brought investment return of approximately HK\$100 million to the Group during the period. Based on precise grabbing of the development trend of publicly-offered infrastructure REITs in China and the deep understanding of the parking business, the Group's ability in obtaining the relevant investment return becomes much predictable.

In terms of business expansion, the Group continuously invested and participated in the Series A financing of Haomo Technology Co., Ltd.*(毫末智行科技有限公司), a leading company in the autonomous driving industry in Mainland China in the first quarter of 2022. The Group has also secured the large strategic placement quota of publicly-offered infrastructure REITs projects that have been listed gradually, further consolidating its first-mover position in the field of publicly-offered infrastructure REITs.

In addition to the realization of financial returns, the infrastructure and real estate fund management business is an important starting point for the Group to achieve the combination of industrial operation and asset management, accelerating the creation of a closed business loop of the “asset acquisition/investment construction, asset cultivation, operational efficiency improvement, asset securitization and returns of capital”.

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CAUTION STATEMENT

Although the Company is now issuing quarterly information, potential investors should be aware that due to fluctuations in market conditions, exchange rates of Renminbi against other currencies and changes in the operating environment from time to time, certain income and expenses may vary substantially from quarter to quarter. Hence, comparisons between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied upon as indicators of the Group's performance. Also, quarterly results should not be used to estimate or extrapolate to project the Group's full-year performance.

In addition, the Board wishes to remind the shareholders of the Company and potential investors that the above selected financial data is extracted from the Company's internal records and management accounts and has not been reviewed or audited by its independent auditor. The Company's shareholders and potential investors are cautioned not to unduly rely on such data. In the meantime, the Company's shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers, shareholders and potential investors for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the period under review.

By order of the Board
Shoucheng Holdings Limited
Zhao Tianyang
Chairman

Hong Kong, 15 May 2022

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Xu Liang, Mr. Li Wei (President) and Ms. Zhang Meng as Executive Directors; Mr. Li Hao (Vice Chairman), Mr. Liu Jingwei and Mr. Ho Gilbert Chi Hang 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.