

Shoucheng Holdings Limited (0697.HK)

2020 Annual Results

March 2021

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01

Financial Highlights

2020 Annual Financial Highlights

The core business continued to maintain a strong growth momentum and carpark operation business achieved annual profit for the first time, with a stable dividend to reward the support of our shareholders.



Strong growth in both revenue and profit

- Revenue increased rapidly by 78% compared with the same period last year and recorded HKD706 million in 2020. The revenue of carpark operation business was up by **172%** year-on-year, the revenue of management of private funds that are oriented towards urban renewal business was up by **18%** year-on-year.
- Profit attributable to owners of the Company was HKD659 million, up by **49%** year-on-year. The carpark operation business has recorded **profit for the first time**.



Low gearing capital structure and strong risk resilience

- Total assets was HKD14.1 billion, up by **28%** as compared to 31 December 2019, with cash and financial products amounting to approximately HKD4.6 billion.
- The debt to asset ratio was 16% and the debt equity ratio was only **4%***

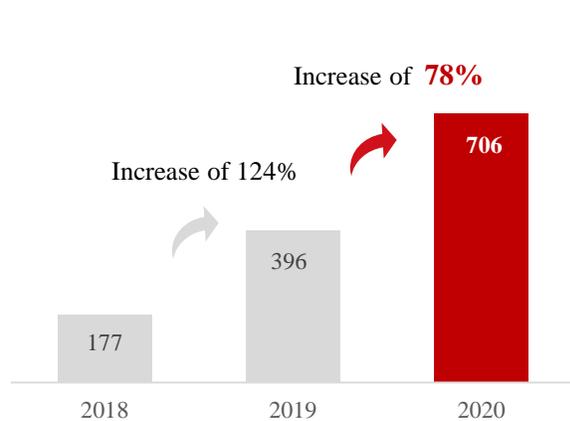


Continue to declare stable dividend

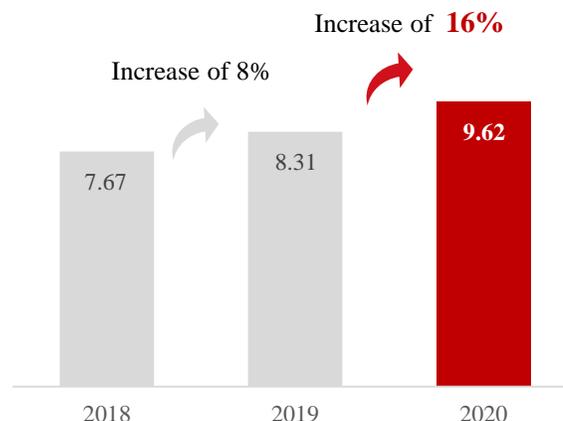
- The Company has announced a final dividends for the six months ended December 31 2020 would be **HKD400 million** of HK5.49 cents per share, based on 7,291,017,194 ordinary shares of the Company in issue.
- Accumulated dividends payout in the total amount of **HK 2.1 billion** from 2018 to 2020.

Key Performance Indicators of 2020 Annual Results

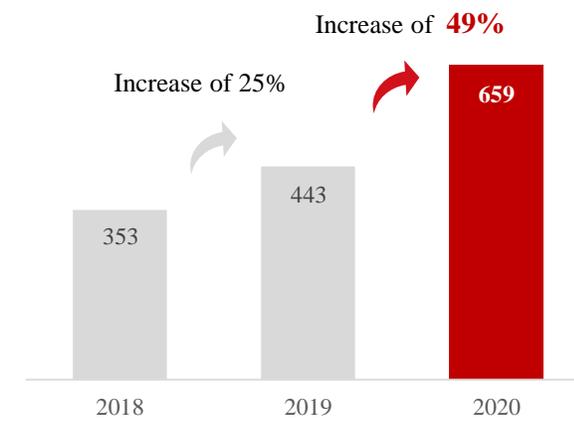
Revenue (HKD million)



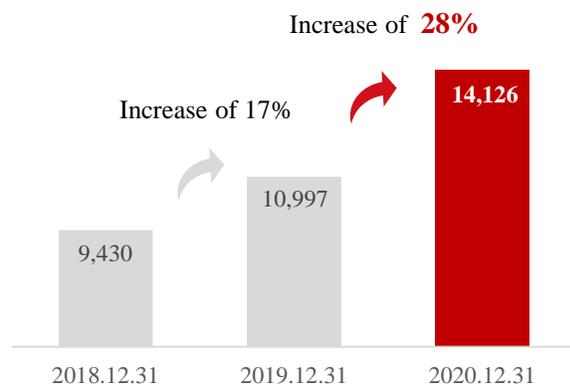
Basic earnings per share (HK cents)



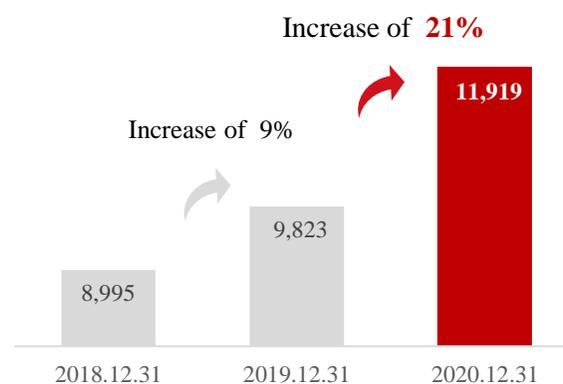
Profit attributable to owners of the Company (HKD million)



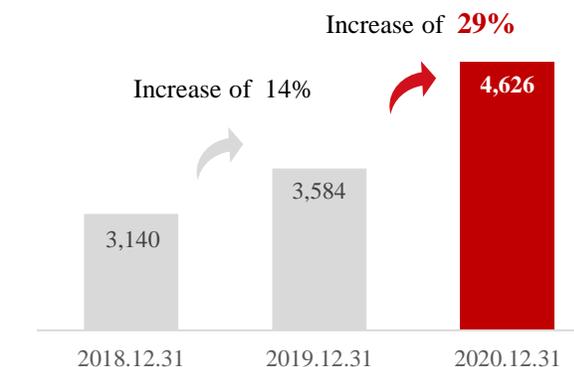
Total assets (HKD million)



Total equity (HKD million)



Bank balances and cash (HKD million)





02

Financial Overview

2020 Annual Financial Overview

Income Statement (HKD million)			
Item	2020	2019	Change %
Revenue	706	396	+78.3
—Carpark Operation	481	177	+171.8
—Fund Management	213	181	+17.7
Segment profit	317	66	+380.3
—Carpark Operation	180	-43	Recorded profit for the first time
—Fund Management	137	109	+25.7
Profit attributable to owners of the Company	659	443	+48.8
Basic earnings per share (HK cents)	9.62	8.31	+15.8

Note: The profit of the fund management business from January to December 2019 has been excluded from non-recurring profit and loss items and the data in the income statement from January to December 2019 has been restated.

- 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 HKD706 million from continuing operations, up by **78%** year-on-year, and the profit attributable to owners of the Company was HKD659 million, up by **49%** year-on-year.

Balance Sheet (HKD million)			
Item	2020.12.31	2019.12.31	Change %
Total assets	14,126	10,997	+28.5
—Current assets	4,814	3,810	+26.4
—Non current assets	9,312	7,187	+29.6
Total liabilities	2,206	1,174	+87.9
—Current liabilities	700	290	+141.4
—Non current liabilities	1,506	884	+70.4
Total equity	11,919	9,823	+21.3
Debt equity ratio*	4%	5%	Decreased by 1%

Note: Debt equity ratio = Total interest bearing liabilities / Equity attributable to the owners of the Company

- Total assets was HKD14.1 billion, with an increase of **29%** compared to 31 December 2019 and total equity was HKD 11.9 billion, with an increase of **21%** compared to 31 December 2019.
- In year 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 **HKD4.6** billion.

Segment Overview

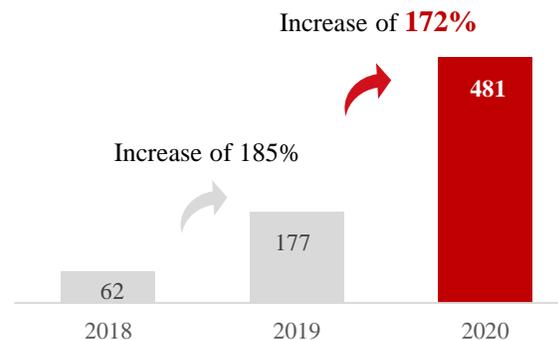
Segment/Entity	Attributable Interest	For the year ended 31 December	
		2020	2019 (restated)
		HKD million	HKD million
1、Carpark operation	100%	180	(43)
2、Fund management	100%	137	195
Sub-total		317	152
3、Holding other business assets			
Shougang Resources	28.98% (Before 28 September 2020: 27.61%)	348	290
Shougang Century	Nil (Before 9 April 2019: 35.71%)	-	5
Others		-	1
Sub-total		348	296
4、Other			
Disposal of the equity interest of Shougang Century		-	(125)
Australian tax recoverable		-	148
Corporate and others		(6)	(29)
Sub-total		(6)	(6)
Continuing operations		659	442
Discontinued operations		-	1
Profit attributable to owners of the Company		659	443

Segment Businesses Performance

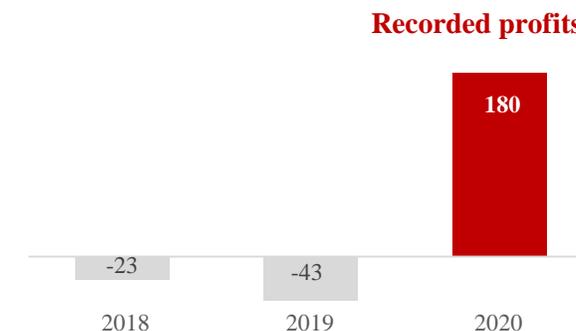
Carpark operation

- **Revenue:** The number of contracted carpark space has increased rapidly during the year. Revenue of 2020 was HKD 481 million, up by **172%** year-on-year.
- **Profit:** During the year, carpark operation business benefited from revaluation formed by the carpark asset investment fund and **recorded profits for the first time.**

Segment revenue



Segment profit

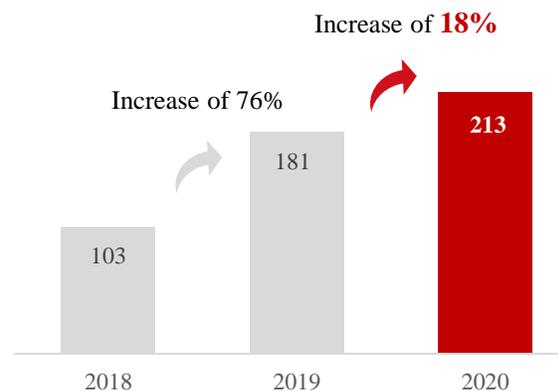


Unit: HKD million

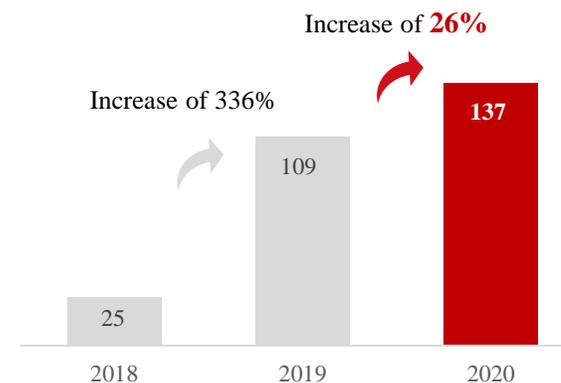
Fund management

- **Revenue:** Revenue in 2020 was HKD213 million, up by **18%** year-on-year.
- **Profit:** The scale of the fund management business has expanded steadily and segment profit recorded HKD137 million in 2020, up by **26%** year-on-year.

Segment revenue



Segment profit



Note: The profit of the fund segment from January to December 2019 has been excluded from non-recurring profit



03

Business Development

Carpark Operation Business

Business types

Municipal infrastructure

- Airport
- Train station
- Hospital

Commercial real estate

- Industry park
- Office building
- Commercial complex

Roadside parking

- Roadside parking in downtown

Product lines



Long-Term Leasing: For existing parking assets, the Company is able to generate better returns for the asset owners with a better user experience through asset empowerment



BOT Investment and Construction for Parking Buildings: For the transportation hubs, hospitals, downtown areas etc. with a serious scarcity of parking spaces, the Company provides whole industrial support of parking garage construction to obtain long-term operation rights.



Parking Asset Investment Fund: Acquires the “heavy” property assets through the “light” fund model, to achieve the asset value enhancement and also to obtain stable operating income

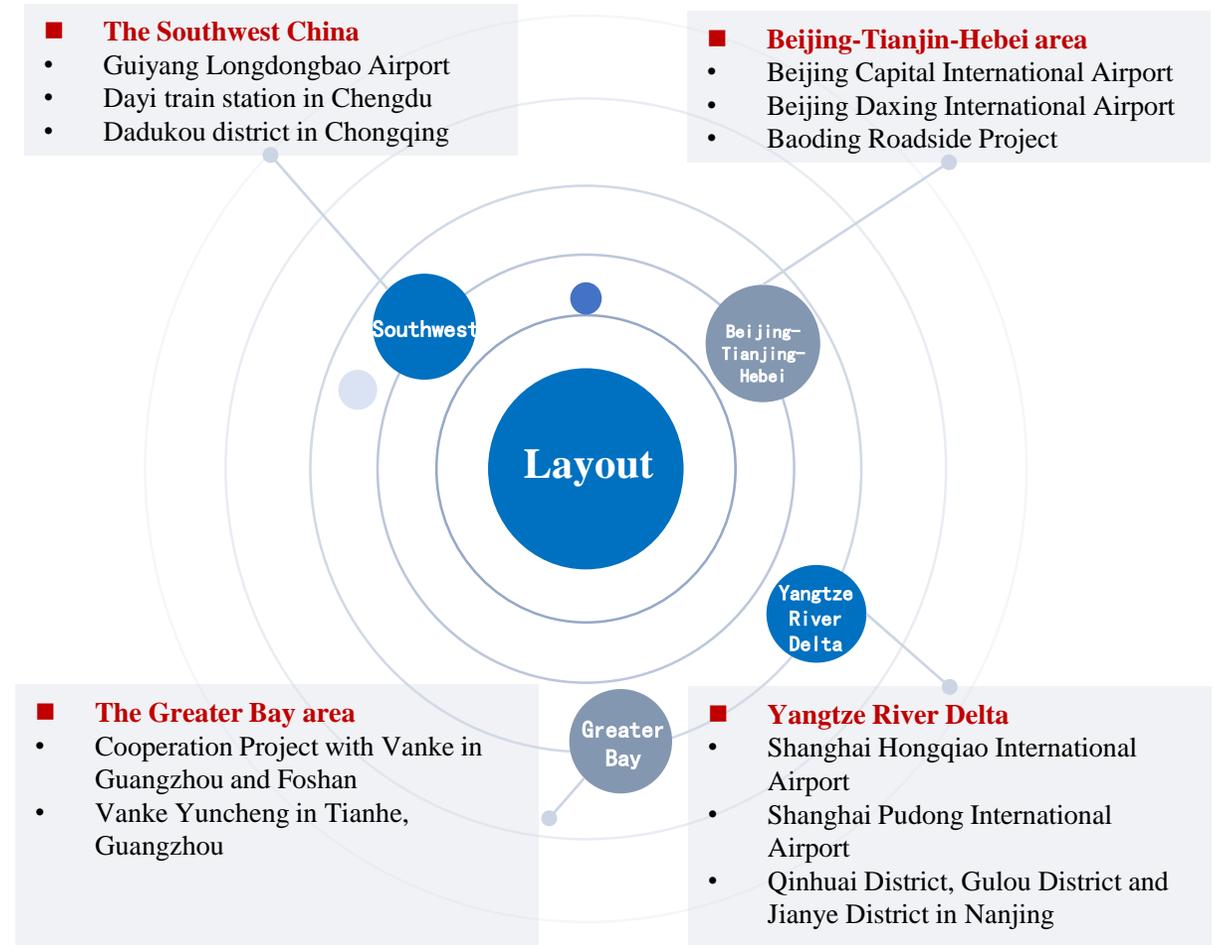
Regional layout

■ The Southwest China

- Guiyang Longdongbao Airport
- Dayi train station in Chengdu
- Dadukou district in Chongqing

■ Beijing-Tianjin-Hebei area

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



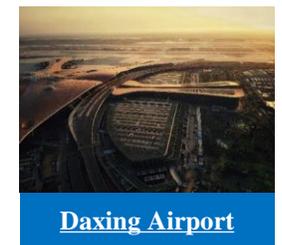
Carpark Operation Business

Progress of key projects in municipal infrastructure

➤ 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** and the **Beijing Daxing International Airport project** put in full operation in 2020, forming the “one city, two airports” pattern in Beijing and Shanghai, realizing full coverage of car parking resources for all airport on Beijing-Shanghai airline.
- The Beijing Daxing International Airport project operated in September 2019 and collaborated with various well-known brands, such as **POP MART**、**TESLA**、**Mercedes-Benz**、**BMW**、**Audi**、**LEXUS**, turning the parking lot into a center of consumers that integrates parking、consumption、dining、charging station、car services and other functions.



Carpark Operation Business

Progress of key projects in municipal infrastructure

➤ Train station projects

Train stations are usually close to city centers, surrounded by high density of population and traffic, diverse travel modes, complex transportation and high passenger flow. Benefiting from the operating experience in Beijing station, Houshayu subway station and Tangshan station, the Company will continue to make strong efforts in parking business of train stations in 2020:

- Won the bid for the **Chengdu Dayi station project**, **Beijing Qinghe station project** and commenced operation during the year.
- Won the bid for **Beijing Chaoyang station**, as the first transportation hub operated in Beijing during the 14th Five-Year Plan period. The company will actively introduce intelligent parking management system, so as to enhance the intelligent and technological revolution of carparking industry, and to support the smooth operation of “Beijing-Harbin Railway” with practical actions.



Chengdu Dayixian Station



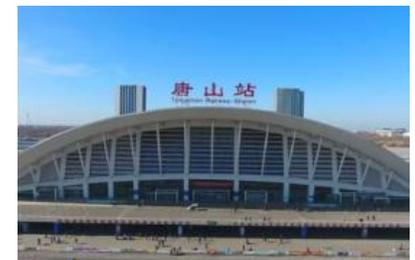
Beijing Qinghe Station



Beijing Chaoyang Station



Beijing Station



Tangshan Station

Carpark Operation Business

Progress of key projects in City-level static traffic solution

13+

Number of Cities

180,000+

Daily Customers

10year+

Average contact term

City-level Projects

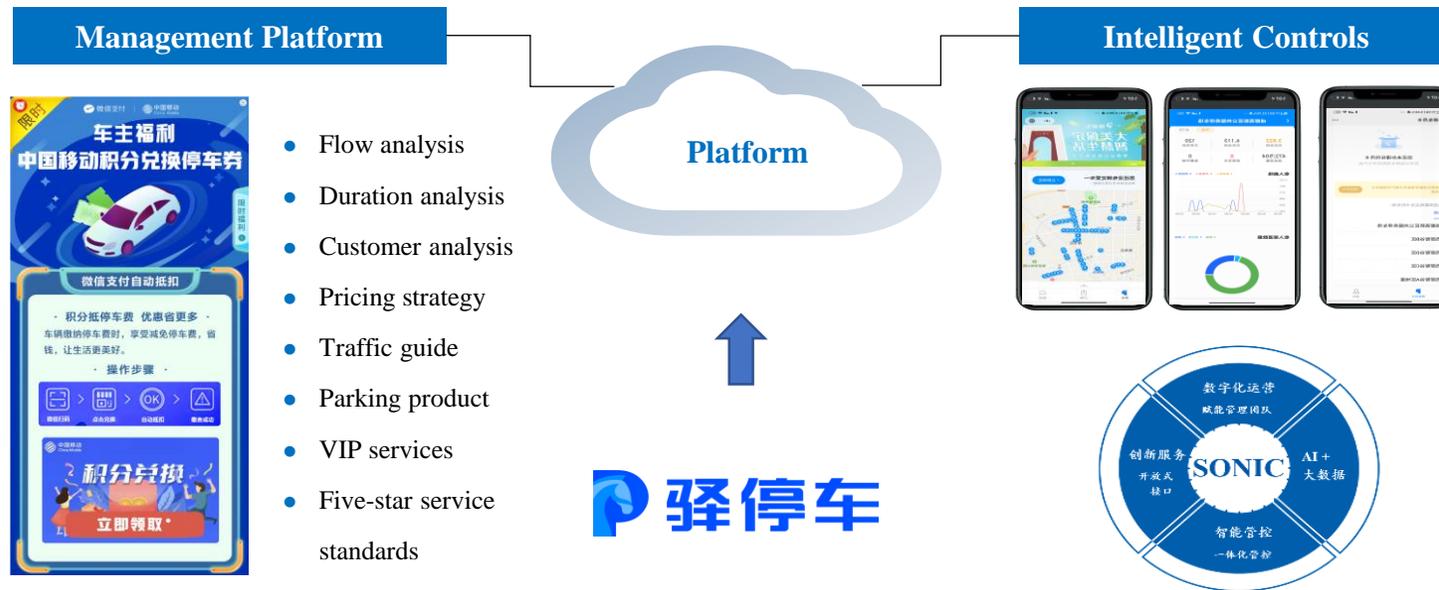
City-level projects in cooperation with the government in Beijing including Daxing District and Yanqing District, Hebei including Tangshan and Baoding, Nanjing including Qinhuai District, Gulou District and Jianye District, Chengdu Jinniu District, Xi'an Gaoxin District



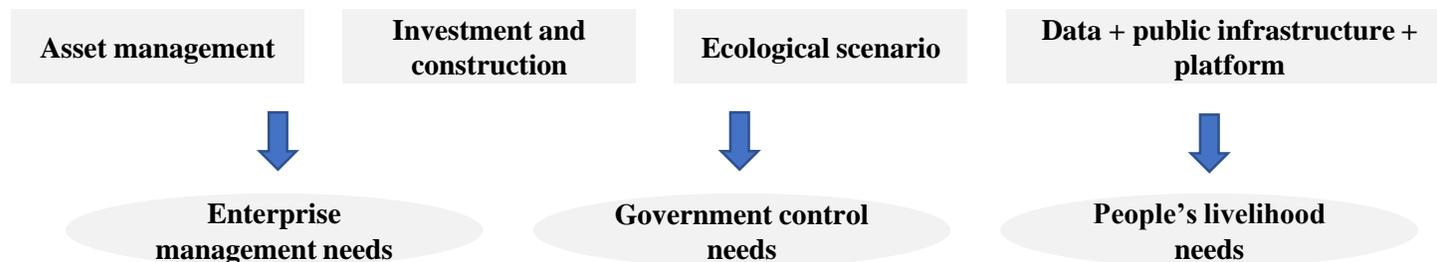
- Won the bid for **Nanjing Jianye District** car parking project, which consolidated and strengthened the Company's competitiveness in the Yangtze River Delta Region. The city-level car parking cooperation projects have been launched in Nanjing including Qinhuai District, Gulou District and Jianye District.
- Signed a strategic cooperation agreement with **Chengdu Jinniu District**, developing intelligent parking business in regional markets cohesively.
- 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.
- Signed a cooperation agreement with **Xi'an Gaoxin District**, aiming to utilize inefficient parking spaces and jointly create intelligent parking projects
- Won the bid for the **Chongqing Dadukou project**, creating a benchmark project with replicable operation model.

Carpark Operation Business

Parking management information system



Intelligent Parking Operation Solution



- ✓ **Digital Operation** : Instantaneous digitalization and visualization of operation data of parking lots.
- ✓ **AI + Big Data**: Conduct in-depth and comprehensive analysis on the operation data to fully present the user profile; dynamically monitor the operation status of the parking lot through AI.
- ✓ **Integrated Control** : Integration of central and territorial management promotes efficient allocation of operation resources and achieves economies of scale.
- ✓ **Open Interfaces**: Get through the data interfaces, such as the membership system, of the third party like business center, to provide users with convenient innovative services and improve user experience.

Fund Management Business

Takes real estate as the main direction with business model of fund, and promotes projects with a very “light” asset management model



Star 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 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's expected to bring **excess returns** to the Company.



The world's largest urban renewal project under construction — Shougang Park

8.63 square kilometers

Total floor area over 6 million square meters

Surrounding area 22.3 square kilometers.

The only large-scale continuous development area within central districts of the city



Fund Management Business

The Shouao Industrial Park project

- The 2020 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 it is scheduled to be put into operation in May 2021. It's expected to become the **first large-scale commercial complex** at Shougang Park to serve the 2022 Beijing Winter Olympic Games and the citizens at the surrounding areas.
- The project has been negotiating with many well-known sports, catering, art, high-tech brands, such as China Merchants Bank, NIO, POP MART, Chang-an Restaurant. The first NEOBIO flagship store in Beijing will be settled in the park, jointly creating a leisure space with full of design and technology for families. The project has also signed a letter of intent with UMEPLAY to create an immersive escape room.
- Awarded **“Urban Renaissance Influence Project in 2020”** and **“Urban Renewal Landmark Projects in 2020”** in the 17th Golden Building Award For Real Estate of China



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** and **new materials**.
- On one hand, equity investment business can generate **investment income** for the Company, and on the other hand, it can also provide an ecological platform to promote **repeated operation and innovation** and incubation in core business industry.

➤ Key projects

Bayi Space (Stock Code:688181)



"Bayi Space" invested by the Company's fund 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 projects, "LEADING IDEAL", was officially listed on the **U.S.Nasdaq** on 30 July 2020, it's also expected to bring excess investment returns to the Company.

Horizon Robotics



Horizon Robotics is a pioneer in smart mobility of AI computing in China. Pre-A round financing led by the Company's fund, and was followed by Meituan and GLVentures.

Haomo. Ai



A leading supplier of self-driving software solution in China and only domestic Company that has achieved mass production and pre-assembly of automotive-grade artificial intelligence chips.



04

Strategic Cooperation

Strategic shareholders with diverse backgrounds



Shougang Group



ORIX Corporation



NWS Holdings



HOPU



JD Digital



CIMC



MATRIX Partners China

- Since the Company's strategic transformation, the Company has received tremendous capital support from the strategic shareholders with diverse backgrounds. They provided a full range of support to the Company not only in terms of reliable pool of cash reserves but also industry resources, which promote 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:

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

New strategic investment:

- On 3 February 2021, the Company completed the placing of existing shares and top-up subscription of new shares to institutions investors with net proceeds of over **HKD400 million**.
- The Company completed the convertible bonds subscription agreement with Greater Bay Area Homeland Investments Fund, with the total principal amount of **HKD300 million**:



- ✓ The Fund's investment portfolio and its government and enterprise resources in the **Greater Bay Area** will create synergies with the Company and will accelerate the Company's business layout to a grid and density layout.

Strategic Cooperation

Large-sized enterprise strategic cooperation

vanke

Cooperated with leading domestic enterprises “Vanke” to obtain high-quality carpark spaces’ ownership right. The Company benefits from both rental income and asset value appreciation in the long-term operation.



The Company has reached comprehensive strategic cooperation with Greentown China and conducted pilot projects in parking equity fund and infrastructure real estate, so as to further expand the Company’s ascendancy of reaching customers and parking enhancement.



The Company has reached strategic partnership with Tuscidity Group on parking projects in **8 major industrial parks in 7 cities including Beijing, Shanghai, Nanjing and Wuhan**, and will further expand the cooperation to other industrial parks



The Company established Nanjing Shougang Jianye Smart Parking Investment Fund with the Jianye District of Nanjing City. 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.

Signed strategic cooperation agreement with Tishman Speyer, jointly built a landmark urban renewal project along West of Chang’an avenue with total gross floor area of 22.3 sq.km. and above-ground floor area of 16.5 sq.km



The Company has partnered with CBRE, the world's largest commercial real estate services and investment Company, to provide one-stop property discretionary management services for projects.

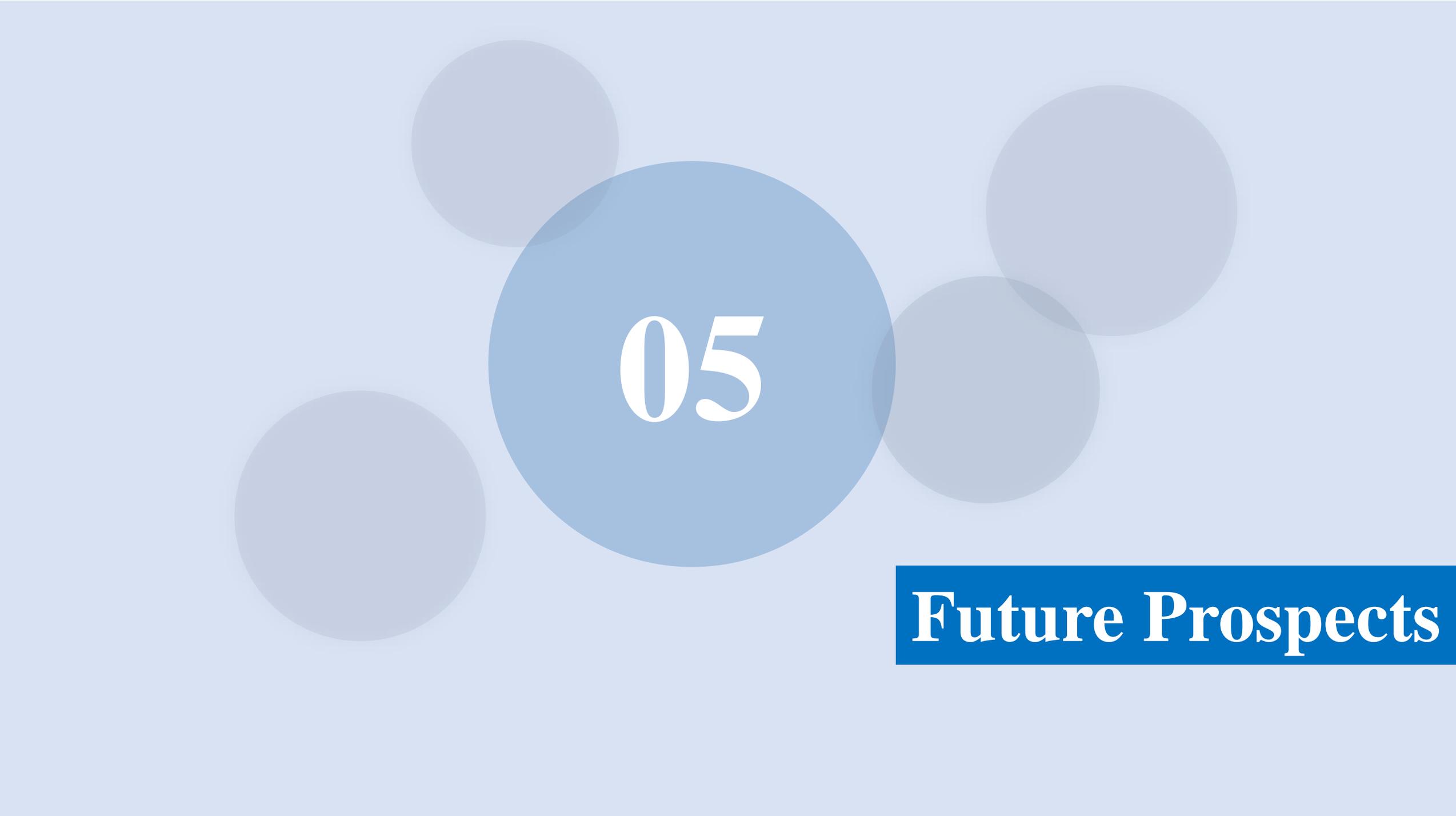


As a strategic partner of the Company, JLL is the world’s leading real estate professional services firm, with 4.6 billion square feet of property and facilities under management in more than 80 countries.



As a London Stock Exchange-listed Company, Savills is one of the world's leading real estate service providers with more than 600 offices and associates in the UK, continental Europe, America and Asia Pacific.





05

Future Prospects

Carpark operation segment

- The domestic car parking industry in China currently is facing serious problems including excessive market dispersion, low technology content, poor management efficiency as well as lack of leading enterprise in the industry, which leave 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 through continuous consolidating and strengthening 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 management 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, forming a unique development model of "fund + base + industry", which lays 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 (large international financial institutions and provincial/municipal government investment fund) of the Company, it is expected that the management fee and net profit contribution from exit of private equity investments will continue to rise as the fund size increases.
- In addition, the establishment of funds specialized in parking industry and equity investments in field of "travelling" has created strong synergies with the Company's deeply cultivated parking asset management business.

Thank you for your support to Shoucheng Holdings

