

Shoucheng Holdings Limited (0697.HK)

2021 Full-Year Results

April 2022

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01

Business Highlights

FY2021 Business Highlights

Revenue
+69%

11.95 HKD million

Gross Profit
+214%

5.47 HKD million

Operating Profit
+818%

5.69 HKD million

Recurring Profit
before tax
+13%

3.65 HKD million

Asset optimization

- In January 2022, the company divested 11.88% equity interest in Shougang Fushan Resources Group Limited, which was a vital step on the strategic reconfigurations. The company is committed to become an infrastructure asset management platform with stable cashflow, efficient operation and high economic cycle resistance

Equity incentive plan was officially launched to encourage employees to act as a whole

- In November 2021, the company officially passed the equity incentive plan, becoming the first to implement equity incentives for the red chips of foreign state-owned enterprises in Beijing. Through all-round, multi-dimensional and strict standard consideration of the performance conditions of the exercise of rights, the employees and the enterprise can share the benefits, risks and grow together

Taking the first mover advantage and being a leader of publicly-offered infrastructure REITs in China

- Adapt to the policy opportunity of the publicly-offered infrastructure REITs, creating a closed loop of investment in the infrastructure sector, seizing the first-mover advantage and becoming the new benchmark of the industry

Stable and high dividends to reward shareholders

- The Company announced a final dividends **HKD 400 million** for the six months ended December 31 2021. The total dividends for the year was **HKD 700 million**. The company will insist on actively rewarding shareholders' support, and sharing company's development results with them



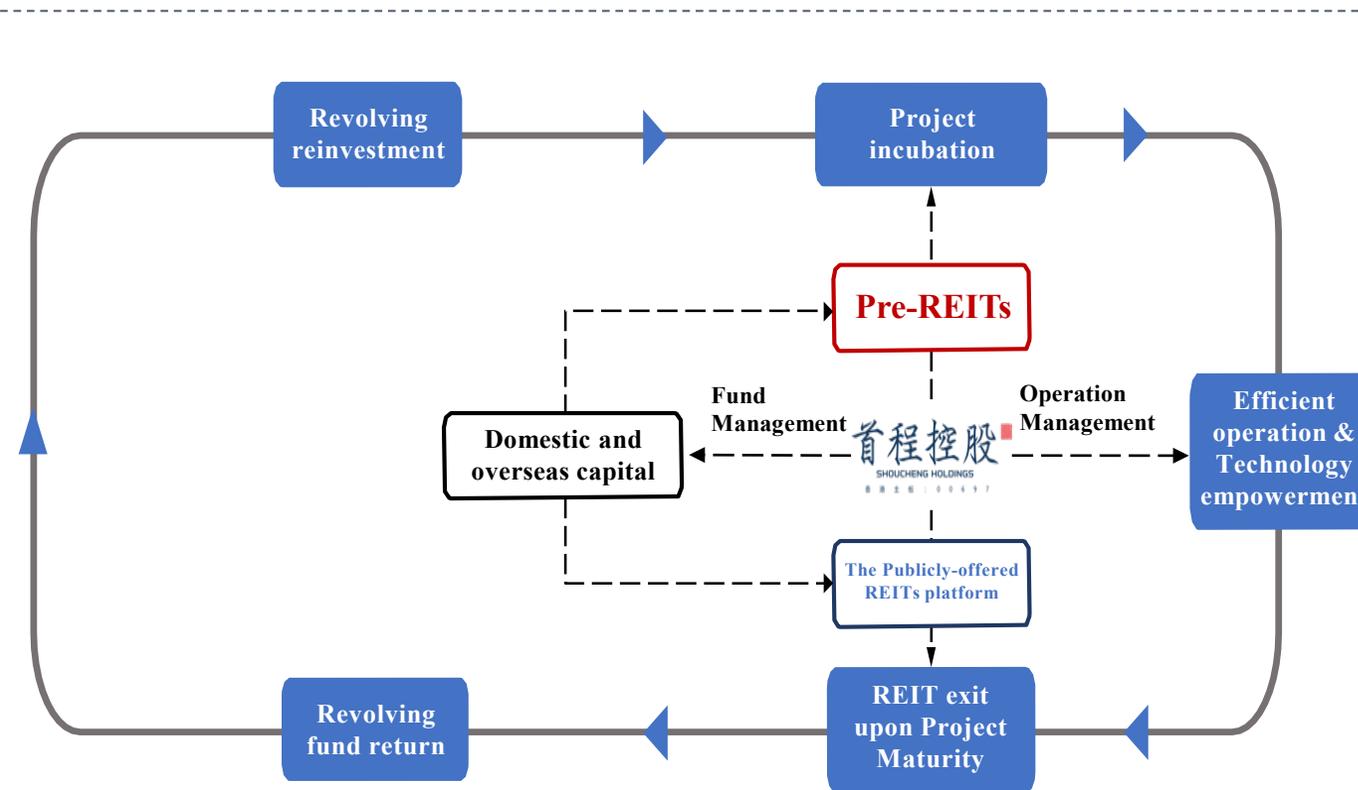
02

Business Overview

Evolution of business model under the wave of REITs

Business Synergy

The company deeply cultivate the field of infrastructure assets represented by **carparks** which have **stable income** and good **liquidity**, with the opportunity of the era of publicly-offered infrastructure REITs in Mainland China, to realize the integration of industry and finance in infrastructure operation and asset securitization, making an **“infrastructure asset operation center + infrastructure and real estate fund management platform”**



Realizing the “Asset acquisition/development-cultivation-operation-securitization-cash return” closed-loop business model

Business Drivers under the integration of industry and finance

Three Pillars of Business

With a mature product model and precise investment capabilities, acquiring long life cycle concession and property rights through assets investment and development



Asset Acquisition

Through deeply cultivating of parking, with an efficient asset operation system, the quality and efficiency of assets can be improved, and through scene innovation, value-added services can be grafted to achieve the profitability



Asset Operation

As a professional fund manager, reaping stable management fee, meanwhile, connecting the underlying assets with the capital market through the fund, forming a smooth loop between funds and assets



Fund Management

Sources of Income

- Acquisition Fee
- Development Fee
- Valuation Income

- Parking Income
- Rental Income
- Value-added Income

- Management Fee
- Investment Income
- Excess Return

Key Drivers

- ✓ Intensive supply and demand
- ✓ Integration of supply chain

- ✓ Increasing parking fee
- ✓ High volume and turnover
- ✓ Diversified value-added business

- ✓ Soaring AUM
- ✓ Important channel of fund

➤ Product Matrix



Parking Business

Regionalization Layout

Southeast Region

- Shanghai
Hongqiao Airport, Pudong Airport
- Nanjing
Qinhuai District Concession Project
Jianye District Concession Project
- Ningbo
Ningbo Airport
- Wuxi
Wuxi Dacheng Industrial park
Wuxi Xidong Business District

Beijing-Tianjin-Hebei Region

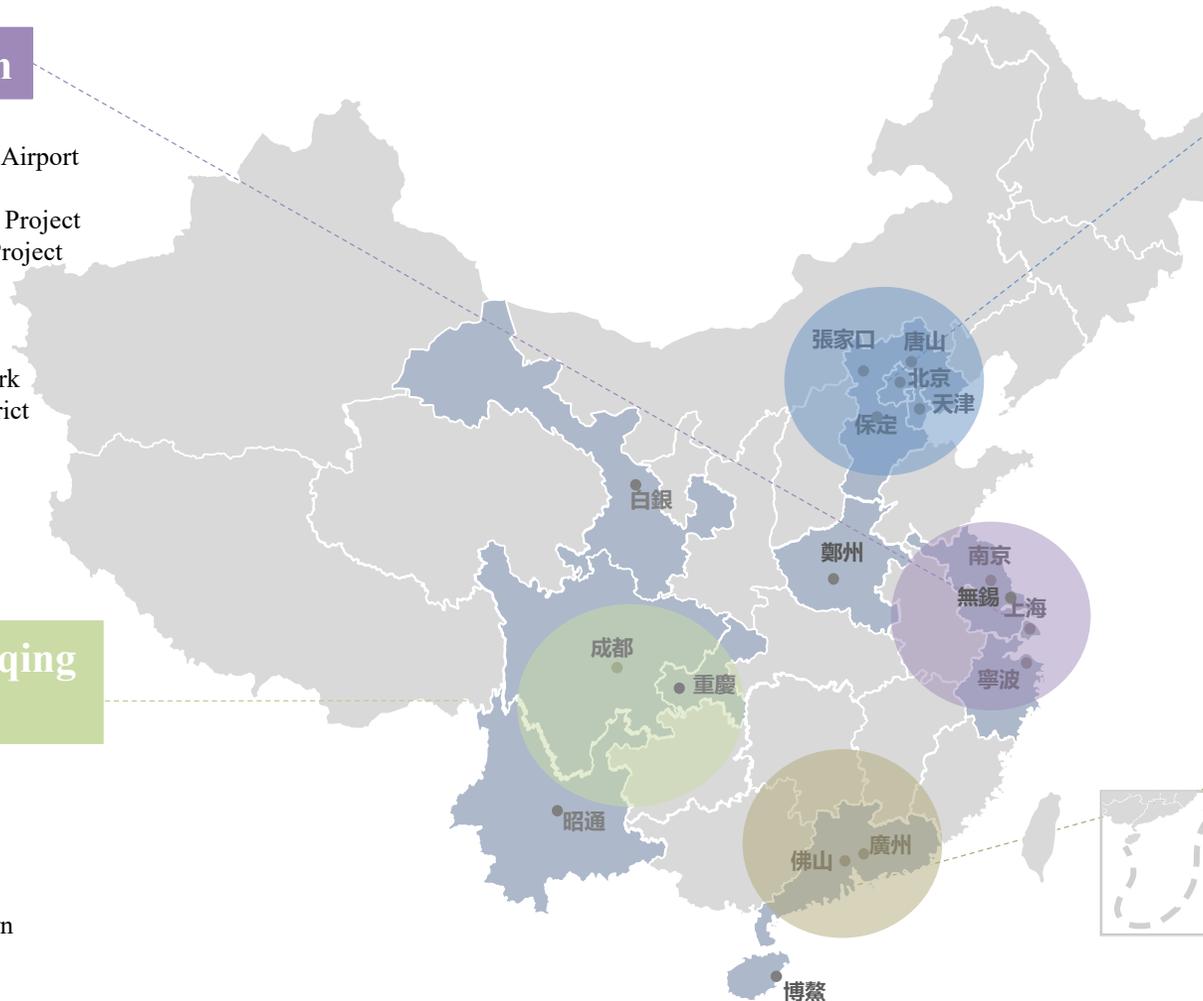
- Beijing
Daxing Airport, Capital Airport
Beijing Railway Station
Beijing-Harbin, Beijing-Zhangjiakou and Beijing-Xiong'an High-speed Railway Station
Daxing District, Shunyi District Roadside Parking
China-Japan Friendship Hospital
- Tianjin
Xiqing District Zhongbei Town
Meijiang Convention and Exhibition Centre
- Zhangjiakou
Ningyuan Airport
- Baoding
Baoding Roadside Parking
- Tangshan
Tangshan Railway Station
Gongren Hospital

Chengdu-Chongqing Region

- Chengdu
Dayi Railway Station
Wisdom Valley
An Ren Ancient Town
- Chongqing
Dadukou Yidu Ancient Town
- Yunnan
Zhaotong Airport

Greater Bay Area

- Guangzhou Tianhe Cloud City
- Foshan Jinyu Centre Community

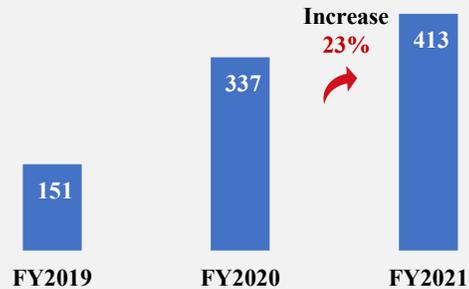


Parking Business

➤ Operation Results

Parking Service

Parking Revenue (HKD million)

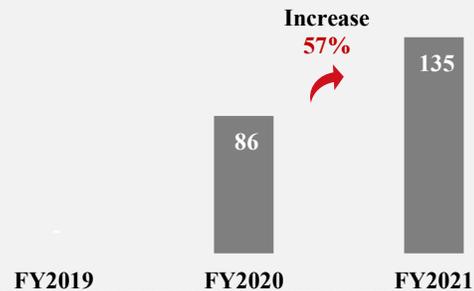


- Under the enormous pressure brought by COVID-19, the company adheres to the principle of “good location, large-scale, and solid interest” in expanding the scale of parking space management, enhancing investment in technology and deepening the operation



Concession Service

Concession Revenue (HKD million)

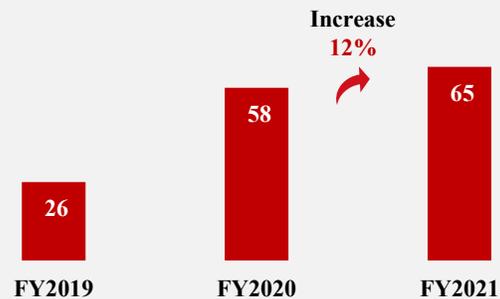


- Benefiting from strengthening the investment and construction of BOT projects, the company has landed a number of BOT garage projects in Beijing-Tianjin-Hebei Region, Southeast Region and Chengdu-Chongqing Region. The polishing of BOT products will be an important work for company in the future



Value added Service

Value-added Revenue (HKD million)

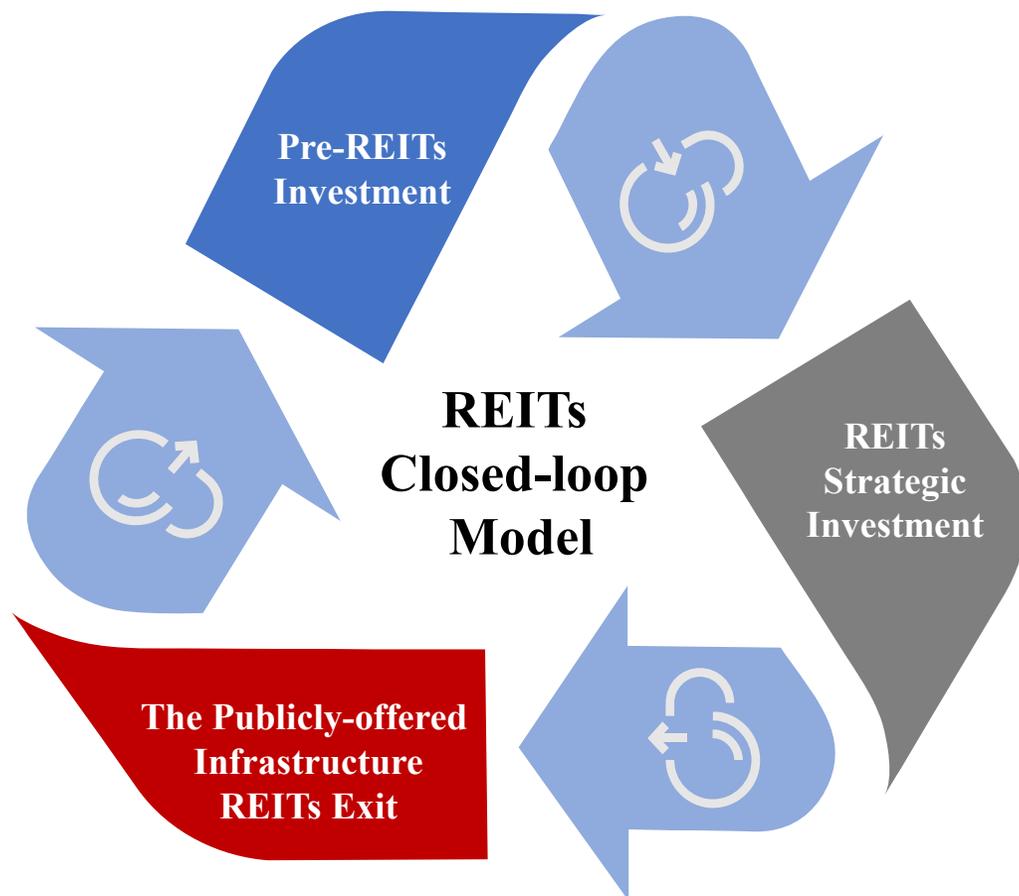


- By Introducing charging piles, commercial operations, automotive after-market services, etc., the company promoted the transformation of the parking lot into a core urban transportation node with diversified functions, improving user’s parking experience, as well as enhancing revenue



Infrastructure Real Estate Funds Business

➤ Product Matrix



Pre-REITs Investment

- Through the combination of industry and finance, the company strengthen active management and improve project benefits to provide high-quality expansion projects for the Publicly-offered Infrastructure REITs platform
- Chang'an Mills project and Shougang Southeast No.2 District project of which the company's park fund is responsible for the construction and investment attraction are the high-quality underlying assets of Pre-REITs funds
- The company launched a Pre-REITs fund with an initial phase of **RMB 4.5 billion** in cooperation with China Life Insurance and Shougang Fund in 2021, focusing on environmental protection industry

REITs Strategic Investment

- The only industrial investor in Publicly-offered Infrastructure REITs in the Hong Kong stock market
- The company completed the strategic placement investment of 7 projects in listed REITs and achieved the full category coverage
- The company has set up the first domestic private equity fund product focusing on REITs strategic placement investment -- Lang He No.1 Fund and the theme fund with REITs as its core asset -- Lang He Shou Xi Fund. The total scale of those two funds is **RMB 1.23 billion**

The Publicly-offered Infrastructure REITs Exit

- Seizing the policy dividends of Publicly-offered Infrastructure REITs' experimental unit, the company persists in setting up the large-scale Publicly-offered Infrastructure REITs platform, and establishes the unobstructed exit mechanism for Pre-REITs funds
- Providing high quality investment targets for REITs strategic investment funds

Infrastructure Real Estate Funds Business

➤ Operation Results

Management Fee

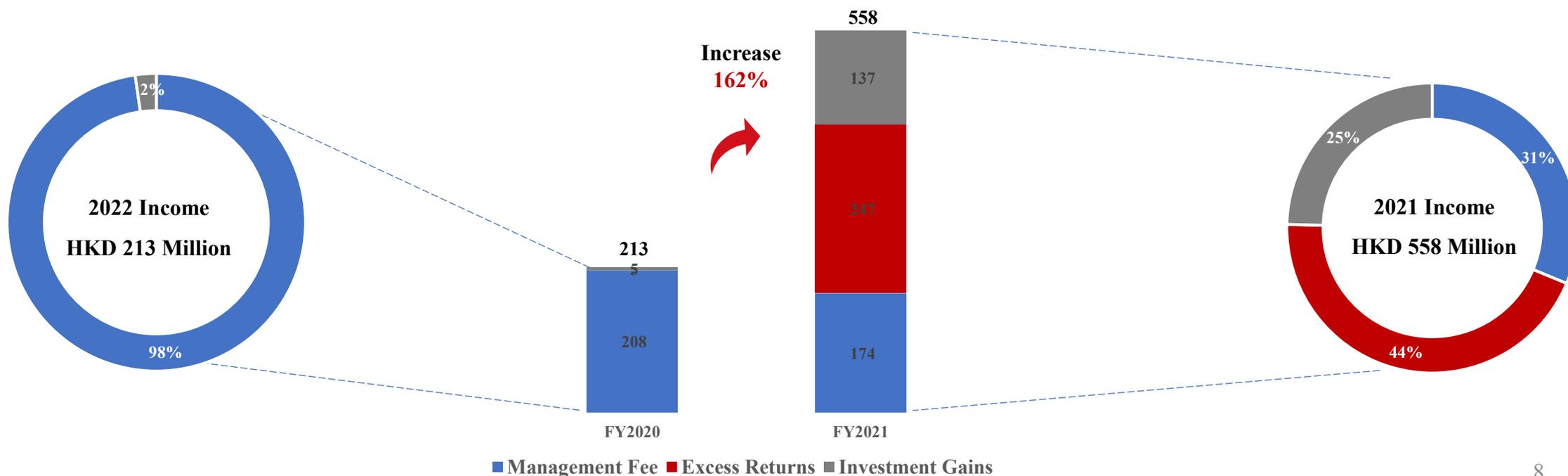
The management fee income was **HKD 174 million** in 2021, decreased slightly compared to that of 2020 due to the exit of some funds. In cooperation with Shougang Fund, China Life Insurance and other partners, the company has set up two funds with a total scale of over RMB 6 billion which will start to contribute management fee income in 2022

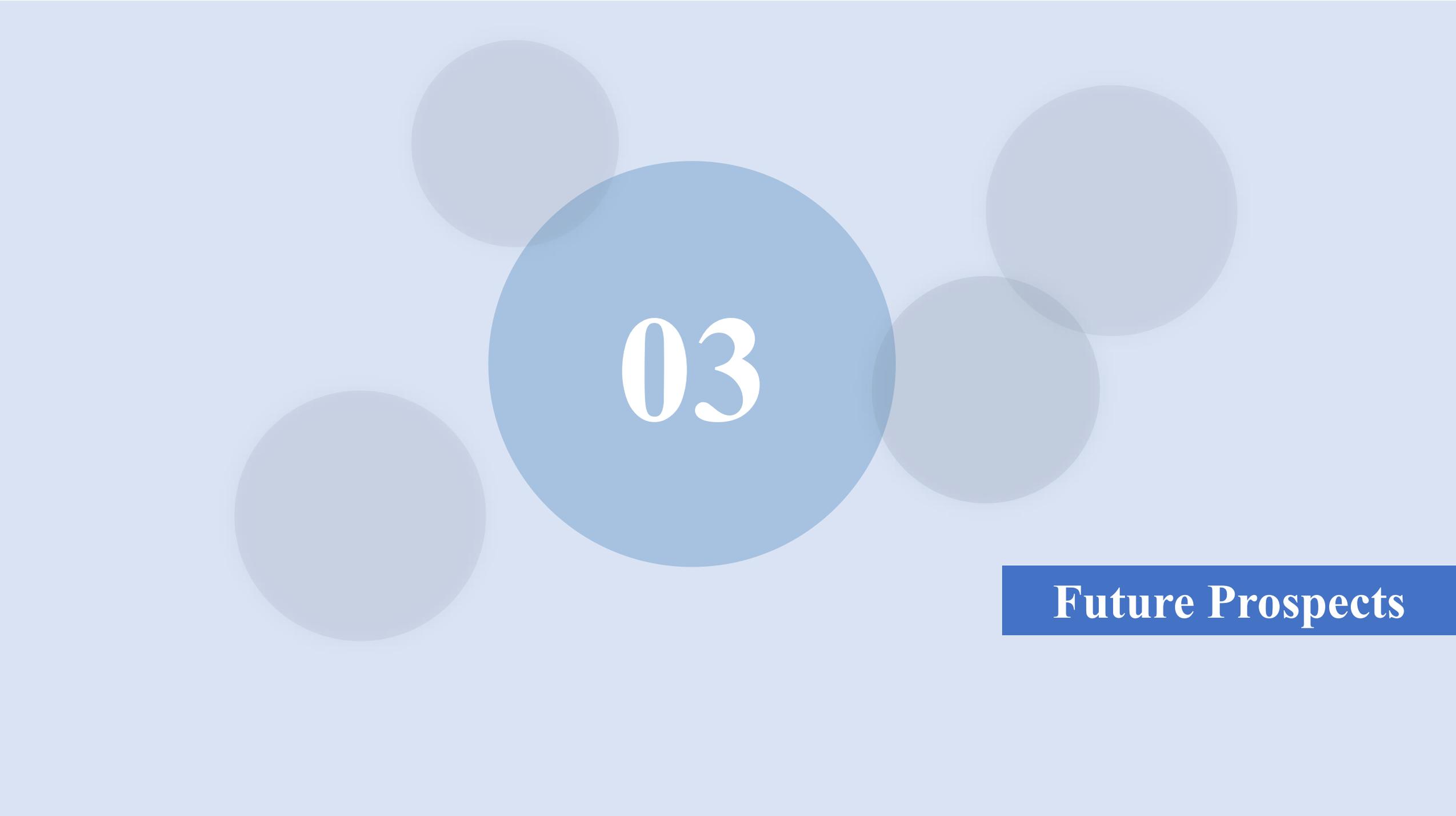
Excess Return

The company generated excess return of **HKD 247 million**. With the exit of investment projects, the company will continue to reap considerable excess returns in the future

Investment Income

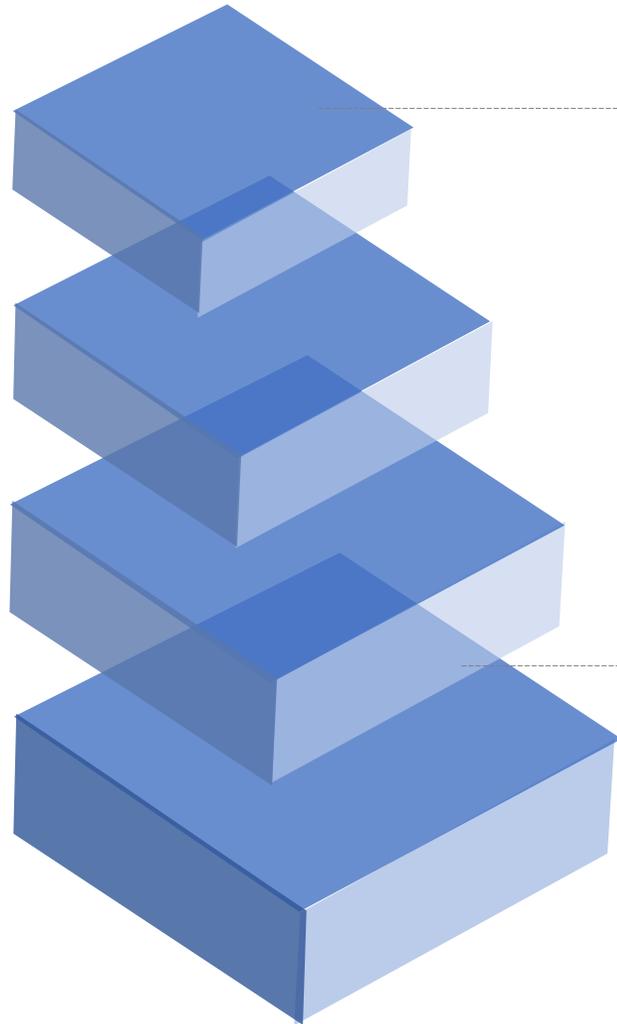
The company achieved investment income of **HKD 137 million**, mainly from the strategic placement of publicly-offered infrastructure REITs in China





03

Future Prospects



Be the Leader in Parking Asset Management Industry

- The company devotes all efforts to become the leader and impeller of parking industry. The company will continue to consolidate and strengthen the existing first-mover advantages and increase the intensity and expansion speed of parking industry's investment
- Upholding the principle of "good location, large-scale, and solid interest" , the company will keep doing solid work in key urban areas and promote the realization of transportation hub parking products, municipal parking products and commercial parking products so as to build a regional-level integrated static transportation comprehensive service network
- In the future, the company will increase investment in technology. We will make technology serve and empower parking assets through the changes in operational efficiency and management mode brought about by technology investment , and actively explore more applications of technology services in the field of urban smart development and digital governance

Be the Trailblazer of China's Infrastructure Real Estate Funds (REITs)

- The company is establishing the "Pre-REITs investment+platform operation management +REITs exit+REITs strategic investment" closed-loop business model, using REITs to propel the revolution of China's infrastructure investment
- Relying on the starting position of publicly-offered infrastructure REITs, the company blends the asset operation ability and financial innovation and provides parking assets with wide development channels and exit paths to recover the liquidity of assets

Thanks for Your Supporting to
Shoucheng Holdings

