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Shenzhen International Holdings Limited

深圳國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00152)

**CONNECTED TRANSACTION
ACQUISITION OF 70% EQUITY INTEREST IN SHENZHEN SEG
TECHNOLOGY DEVELOPMENT CO., LTD.**

THE AGREEMENTS

The Board is pleased to announce that on 21 October 2021, (1) the Company, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Cooperation Agreement; and (2) the Purchaser, the Vendor and the Target Company entered into the Share Transfer Agreement. Pursuant to the Agreements, the Vendor agreed to sell and the Purchaser agreed to purchase 70% equity interest in the Target Company at an aggregate consideration of not more than RMB333,470,000 (approximately HK\$401,771,084).

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Target Company owns an industrial park located in Pingshan District, Shenzhen, which is about 5 km away from the Pingshan exit of the Shenhai Expressway and 50 km from Shenzhen city centre. The project land covers a total area of approximately 120,000 square meters and has a total construction area of approximately 31,646 square meters (the buildings on the land are all factory and ancillary buildings and the remaining portion of the project land is undeveloped).

As the pace of urban transformation and the economic development is accelerating, industrial clusters such as new-generation information technology, biomedicine and new energy vehicles have been established in the surrounding areas of the project, logistics facilities in Shenzhen are therefore in high demand. Given the short supply of logistics land, the Group believes that investing in the construction of modern high-end logistics facilities in Shenzhen will have good prospect. According to the Group's 14th Five-year Strategic Development Plan, the Group intends to develop the project land into a landmark project for the deep integration of manufacturing + logistic industries and the Group will actively develop intelligent logistics services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIHCL is the controlling shareholder of the Company which indirectly owned approximately 43.48% of the issued shares of the Company, and directly and indirectly owned an aggregate of 42.85% equity interest of the Vendor at the same time. Therefore, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 21 October 2021, (1) the Company, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Cooperation Agreement; and (2) the Purchaser, the Vendor and the Target Company entered into the Share Transfer Agreement. Pursuant to the Agreements, the Vendor agreed to sell and the Purchaser agreed to purchase 70% equity interest in the Target Company at an aggregate consideration of not more than RMB333,470,000 (approximately HK\$401,771,084).

THE AGREEMENTS

Date: 21 October 2021

Parties:

- (a) the Purchaser (an indirect wholly-owned subsidiary of the Company);
- (b) the Vendor (SIHCL directly and indirectly owned an aggregate of 42.85% of its equity interest, and is a connected person of the Company);
- (c) the Target Company; and
- (d) the Company (as party to the Cooperation Agreement only).

Consideration, payment terms and basis of Consideration

The Vendor agreed to sell and the Purchaser agreed to purchase 70% equity interest of the Target Company at an aggregate consideration of not more than RMB333,470,000 (approximately HK\$401,771,084).

The Consideration shall be satisfied in cash by the Purchaser as follows:

- (i) RMB116,710,000 (approximately HK\$140,614,458), being 35% of the Consideration, shall be paid within 10 Business Days from the date of signing of the Share Transfer Agreement;
- (ii) RMB166,740,000 (approximately HK\$200,891,566), being 50% of the Consideration, shall be paid within 10 Business Days from the completion date of the business registration of the share transfer of the Target Company; and

- (iii) RMB50,020,000 (approximately HK\$60,265,060), being the remainder of the Consideration, shall be paid within 10 Business Days from the date that all the tenants of the Target Company's Pingshan industrial park have vacated the premises.

The Consideration was determined through arm's length negotiations between the Vendor and the Group after considering the valuation of the net asset value of the Target Company on 31 October 2020 (the assessment benchmark date) at approximately RMB476,381,585 (approximately HK\$573,953,717) based on the asset-based approach by China United Assets Appraisal Group Co., Ltd, an independent valuer, in September 2021.

Completion

Within three months from the date of payment of the first payment (referred to in the above item (i)) to the Vendor's designated bank account, the Vendor and the Target Company shall proceed with the relevant regulatory filings to complete registration of the transfer of the shares in the Target Company. The date of Completion shall be the completion date of the business registration of the share transfer of the Target Company.

Transition Period arrangement

During the Transition Period, the Purchaser shall have the right to supervise and inspect the operation and financial performance of the Target Company. During the Transition Period, the Company, the Purchaser, the Vendor and the Target Company shall not directly or indirectly deal with any interest of or create any encumbrances on the assets owned by the Target Company, nor directly or indirectly deal with or impose any new financial or legal liability or encumbrances on any equity interest owned by the Target Company. Further, the Target Company undertakes to the Vendor, the Purchaser and the Company that during the Transition Period, the Target Company shall fulfill its obligation of proper management, reasonably operate its business and use its assets properly to ensure that there will not be any material adverse changes to the assets, business and financial conditions of the Target Company.

Management of the Target Company

Upon Completion, the Purchaser shall be responsible for the daily operation and management of the Target Company. The board of directors of the Target Company shall comprise five directors, amongst which three directors (including the chairperson) shall be nominated by the Purchaser.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Group focuses on the investment and construction of logistics infrastructure in major cities across the country and defines the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Pan-Bohai Rim as strategic regions. The Target Company owns an industrial park located in Pingshan District, Shenzhen, which is about 5 km away from the Pingshan exit of the Shenhai Expressway and 50 km from Shenzhen city centre. The project land covers a total area of approximately 120,000 square meters and has a total construction area of approximately 31,646 square meters (the buildings on the land are all factory and ancillary buildings and the remaining portion of the project land is undeveloped).

The project land is located in the core area of Guangdong-Hong Kong-Macao Greater Bay Area and has obvious advantages in location. As the pace of urban transformation and the economic development is accelerating, industrial clusters such as new-generation information technology, biomedicine and new energy vehicles have been established in the surrounding areas of the project, logistics facilities in Shenzhen are therefore in high demand. Given the short supply of logistics land, the Group believes that investing in the construction of modern high-end logistics facilities in Shenzhen will have good prospect.

According to the Group's 14th Five-year Strategic Development Plan, the Group intends to develop the project land into a landmark project for the deep integration of manufacturing + logistic industries and the Group will actively develop intelligent logistics services. Through the Acquisition, the Group can further improve its logistic layout in the Greater Bay Area, further expand its business network and scale of its operation, increase its shares in the market, and maintain sustainable development.

The Directors (including the independent non-executive Directors) consider that the Acquisition is in the ordinary and usual course of business of the Group and on normal commercial terms and the Acquisition and the terms of the Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE AGREEMENTS

The Group

The Group is principally engaged in logistics, toll road, port and environmental protection businesses. The Group defines the Guangdong-Hong Kong- Macao Greater Bay Area, the Yangtze River Delta and the Pan-Bohai Rim as strategic regions, endeavours to invest in, construct and operate logistic infrastructure projects including integrated logistics hubs and toll roads and provide value-added logistics services to customers based on such infrastructures, through the means of investment, mergers and acquisitions, restructuring and consolidation, whilst expanding into various business segments such as comprehensive development of land related to the logistics industry and investment in and operation of environmental protection business. As at the date of this announcement, the Company is indirectly owned as to approximately 43.48% by SIHCL.

The Purchaser, a limited liability company established in the PRC, is an indirectly wholly-owned subsidiary of the Company. Its principal business is investment holding.

The Vendor

The Vendor is a limited liability company established in the PRC and is principally engaged in the development and operation of electronic market and supporting projects, trading business, hospitality business, electronic-commerce business and financial business as well as the provision of property leasing services. Based on the information provided by the Vendor, SIHCL directly and indirectly owned an aggregate of 42.85% equity interest of the Vendor, and the ultimate beneficial owners of 23.52% and 33.63% (excluding Shenzhen SASAC's interest in the Vendor through SIHCL) equity interest of the Vendor are the Ministry of Finance of the PRC and Shenzhen SASAC respectively.

The Target Company

The Target Company is a limited liability company established in the PRC and is principally engaged in the business of leasing of its own properties. As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

As at 30 June 2021, the unaudited net asset value of the Target Company prepared based on the Chinese Accounting Standards is approximately RMB77,788,283 (approximately HK\$93,720,823). For the two financial years ended 31 December 2019 and 31 December 2020, the audited net loss (both before and after taxation and extraordinary items) prepared based on the Chinese Accounting Standards was approximately RMB4,691,543 (approximately HK\$5,652,461) and RMB1,447,916 (approximately HK\$1,744,477) respectively.

Upon Completion, the financial results of the Target Company will be consolidated into the Company's financial statements and the Target Company shall become an indirect non-wholly owned subsidiary of the Company.

SIHCL

SIHCL is a limited liability company established in the PRC. It is principally engaged in property rights management, capital operation, investment and financing business. SIHCL is wholly-owned by Shenzhen SASAC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIHCL is the controlling shareholder of the Company which indirectly owned approximately 43.48% of the issued shares of the Company, and directly and indirectly owned an aggregate of 42.85% equity interest of the Vendor at the same time. Therefore, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratio(s) calculated in accordance with the Listing Rules in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempted from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors have any material interest in the Acquisition and thus no Director was required to abstain from voting on the Board resolutions approving the Acquisition thereunder. Nevertheless, since Mr. Liu Zhengyu (an executive Director) is the deputy general manager of SIHCL, he has voluntarily abstained from voting on the Board resolutions approving the Acquisition.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

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| “%” | per cent. |
| “Acquisition” | the acquisition of 70% equity interest in the Target Company by the Group from the Vendor pursuant to the Agreements |
| “Agreements” | the Cooperation Agreement and the Share Transfer Agreement |
| “Board” | the board of Directors |
| “Business Days” | working days in the PRC, except Saturdays, Sundays and statutory holidays in the PRC |
| “Company” | Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 00152) |
| “Completion” | completion of the Acquisition under the Agreements |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Consideration” | an aggregate of not more than RMB333,470,000 (approximately HK\$401,771,084), subject to the filed valuation result |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Cooperation Agreement” | a cooperation agreement dated 21 October 2021 entered into by the Company, the Purchaser, the Vendor and the Target Company in relation to the Acquisition |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |

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| “Purchaser” | Shenzhen International Bay Area Investment Development Co., Ltd.* (深圳市深國際灣區投資發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Share Transfer Agreement” | a share transfer agreement dated 21 October 2021 entered into by the Vendor, the Purchaser and the Target Company in relation to the Acquisition |
| “Shenzhen SASAC” | Shenzhen Municipal People’s Government State-owned Assets Supervision and Administration Commission (深圳市國有資產監督管理委員會) |
| “SIHCL” | Shenzhen Investment Holdings Company Limited (深圳市投資控股有限公司), a limited liability company established in the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Shenzhen SEG Technology Development Co., Ltd.* (深圳賽格科技發展有限公司), a limited liability company established in the PRC |
| “Transition Period” | the period from the date of signing of the Share Transfer Agreement to the date of Completion (both days inclusive) |
| “Vendor” | Shenzhen SEG Group Co., Ltd.* (深圳市賽格集團有限公司), a limited liability company established in the PRC |

By the Order of the Board
Shenzhen International Holdings Limited
Liu Wangxin
Joint Company Secretary

Hong Kong, 21 October 2021

As at the date of this announcement, the Board consists of Messrs. Li Haitao, Liu Zhengyu, Wang Peihang and Dai Jingming as executive directors, Messrs. Hu Wei and Zhou Zhiwei as non-executive directors and Professor Cheng Tai Chiu, Edwin, Messrs. Pan Chaojin and Chan King Chung as independent non-executive directors.

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.83. The exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount in RMB or HK\$ were or may be exchanged at this rate or any other rates or at all.

** For identification purpose only*