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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL IN THE TARGET
COMPANY**

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 31 March 2022, the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor, and the Warrantor entered into the Sale and Purchase Agreement pursuant to which the Purchaser conditionally agreed to purchase and accept the assignment of, the Vendor conditionally agreed to sell the entire issued share capital of the Target Company (which indirectly held the Logistics Parks) and assign to the Purchaser the Shareholder's Loan, and the Warrantor agreed to guarantee the due and punctual performance by the Vendor of the Sale and Purchase Agreement. In addition, pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall repay part of the Onshore Loans on the Completion Date, and the Target Group shall retain the remainder of the Onshore Loans. The aggregate payment to be made by the Purchaser under the Sale and Purchase Agreement is approximately RMB1,710,295,590 (subject to post completion audit adjustment). Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group's consolidated financial statements.

REASONS FOR AND BENEFIT OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The acquisition of high-quality logistics warehouse projects in the two core cities of Zhengzhou and Hefei is in line with the Group's "14th Five-Year Plan" development strategy. Through the acquisition, the Group can increase its area of logistics park operation and management in Zhengzhou and Hefei, accelerating the Group's strategy of "multiple logistics parks within one city" in the core area, and by virtue of the Group's good relations with the government, its established market-oriented construction and business operation capabilities, the Group can upgrade and optimize the projects, improving and increasing the overall value of the projects and maximize its benefits in the long run. The acquisition will also enlarge the Group's total reserve of logistics assets, laying the foundation for potential future assets securitization, which will promote the Group's closed-loop "investment, construction, financing and operation" business model, improve the overall capital efficiency and profitability, and facilitate its transformation as a "logistics infrastructure asset management platform".

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Sale and Purchase Agreement exceed 5% but less than 25%, the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under the Listing Rules and are subject to the reporting and announcement requirements.

INTRODUCTION

The Board is pleased to announce that on 31 March 2022, the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor, and the Warrantor entered into the Sale and Purchase Agreement pursuant to which the Purchaser conditionally agreed to purchase and accept the assignment of, the Vendor conditionally agreed to sell the entire issued share capital of the Target Company (which indirectly held the Logistics Parks) and assign to the Purchaser the Shareholder's Loan, and the Warrantor agreed to guarantee the due and punctual performance by the Vendor of the Sale and Purchase Agreement. In addition, pursuant to the terms of the Sale and Purchase Agreement, a total of approximately RMB513,446,286 Onshore Loans are expected as at the Completion Date, of which approximately RMB503,446,286 shall be repaid by the Purchaser on the Completion Date, and the remaining approximately RMB10,000,000 shall be retained by the Target Group to be repaid after the Completion. The aggregate amount of the Transaction under the Sale and Purchase Agreement is approximately RMB1,710,295,590 (subject to post completion audit adjustment).

THE SALE AND PURCHASE AGREEMENT

The salient terms of the Sale and Purchase Agreement are set out as follows:

Date: 31 March 2022

Parties: (1) the Vendor;
(2) the Purchaser; and
(3) the Warrantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor, the Warrantor, and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s) (as defined in the Listing Rules).

Subject matter

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase and accept the assignment of, the Vendor conditionally agreed to sell the entire issued share capital of Target Company and assign to the Purchaser the Shareholder's Loan, and the Warrantor agreed to guarantee the due and punctual performance by the Vendor of the Sale and Purchase Agreement. In addition, pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall repay part of the Onshore Loans on the Completion Date, and the Target Group shall retain the remainder of the Onshore Loans.

Consideration and payment terms

The total payment to be made by the Purchaser under the Sale and Purchase Agreement is as follows: -

Target Shares Consideration:	Approximately RMB193,638,257
Shareholder's Loan Consideration:	Approximately RMB1,003,211,047
Onshore Loans:	Outstanding principal amount together with interest, which is expected to be approximately RMB513,446,286
Aggregate Amount of the Transaction:	Approximately RMB 1,710,295,590 (subject to post completion audit adjustment in paragraph (e) below)

The aggregate amount of the Transaction was agreed after arm's length negotiation between the Vendor and the Purchaser based on the asset value of the Logistics Parks with reference to the valuation results of an independent valuer (in the amount of approximately RMB1,706,375,613 as at 30 September 2021) based on asset-based approach, the prevailing market conditions, the financial position and business development of the Target Group. The payment under the Sale and Purchase Agreement will be funded by the Group in cash and the actual amount to be paid shall be subject to post completion audit adjustment.

The payment schedule under the Sale and Purchase Agreement is as follows:

- (a) subject to the completion of the registration of the Charge of the Harbin Real Estate, within ten business days after the signing of the Sale and Purchase Agreement, the Purchaser shall pay in HKD the aggregate amount equivalent to approximately RMB630,000,000 to the Vendor (hereinafter referred to as the "**First Payment**"). Within 5 business days after receiving the First Payment, the Vendor shall procure its Affiliates to pay the first tranche of the other receivables recorded in the Estimated Completion Accounts in the amount of approximately RMB50,000,000 (hereinafter referred to as the "**First Tranche of the Other Receivables**");
- (b) upon the Vendor's full payment of the First Tranche of the Other Receivables as described in (a) above, and upon all conditions precedent to the Sale and Purchase Agreement having been satisfied or waived, on the Completion Date, pursuant to the terms of the Sale and Purchase Agreement, the Onshore Loans in the amount of approximately RMB10,000,000 shall be retained by the Target Group and the Purchaser shall pay in HKD or RMB the aggregate amount equivalent to approximately RMB723,780,810 to the Vendor and one of the Onshore Loan Banks (as the case may be) (hereinafter referred to as the "**First Part of the Second Payment**"). Within 5 business days after receiving the First Part of the Second Payment, the Vendor shall procure its Affiliates to pay all the remaining other receivables recorded in the Estimated Completion Accounts;
- (c) upon the full payment of the other receivables recorded in the Estimated Completion Accounts, the Purchaser shall pay in HKD the aggregate amount equivalent to approximately RMB105,000,000 to the Vendor;

- (d) upon the fulfillment of each post completion condition listed in the Sale and Purchase Agreement, the Purchaser shall pay in HKD the aggregate amount equivalent to approximately RMB156,000,000 to the Vendor progressively pursuant to the Sale and Purchase Agreement;
- (e) if the adjusted consolidated net asset value of the Target Group as at the Completion Date is different to the adjusted consolidated net asset value of the Target Group as shown in the Estimated Completion Accounts and the difference is more than approximately RMB500,000, the Vendor or the Purchaser (as the case may be) shall pay the difference amount in HKD to the other party within ten business days from the date of completion of the Completion Accounts and the confirmation of the adjusted final consolidated net asset value; and
- (f) within ten business days after twelve months from the Completion Date, if during the twelve months from the Completion Date, among others, (i) the representations and warranties by the Vendor and the Warrantor under the Sale and Purchase Agreement remain true, accurate, complete and not misleading; (ii) there is no other loss to the Target Group resulting from or in connection with the dispute of the termination of the labor relationship due to events occurred prior to the Completion Date and there is no taxation claims by relevant governmental authorities resulting from the events occurred prior to the Completion Date to Project Companies or Vendor having fully indemnified the Purchaser in relation thereto, the final payment in HKD equivalent to approximately RMB85,514,780 shall be paid to Vendor.

Conditions precedent

The Completion is subject to, among others, the fulfillment or waiver of the following conditions:

- (a) unless otherwise provided in the Sale and Purchase Agreement, the Target Group has obtained and the Vendor has delivered to the Purchaser the relevant legitimate and valid property ownership certificates and certificates of land use right for the Logistics Parks;
- (b) the Vendor shall deliver to the Purchaser the documents proving that the relevant Project Companies have terminated the contract with the corresponding project construction contractors and have completed the settlement of the construction projects (upon termination of the construction projects);
- (c) the Target Group has obtained the written consent from the relevant Onshore Loan Banks of the Purchaser's repayment of part of the Onshore Loans on the Completion Date;
- (d) the Target Company has signed the termination agreement to terminate the Shareholder's Loan;
- (e) the Target Group has completed the final audit of all construction projects in progress and has delivered to the Purchaser the supporting documents;
- (f) the Vendor shall deliver to the Purchaser supporting documents confirming the release of all existing or future obligations of the Target Group under the Offshore Loan, and the Target Group has obtained the release and de-registration documents of the charges,

- pledges, and other relevant encumbrances established by the Target Group for the Offshore Loan;
- (g) the Vendor, the Purchaser, the related party established in the PRC designated by the Warrantor and the relevant Project Companies have signed the warehouse management agreement;
 - (h) from the signing of the Sale and Purchase Agreement until the Completion, there is no material adverse effect occurred to the Logistics Parks nor the Target Group, and there is no circumstance occurred prohibiting the transaction under the Sale and Purchase Agreement according to the applicable law;
 - (i) the completion of the necessary internal and external approval procedures, and the necessary internal authorizations have been obtained by the Vendor, the Purchaser, and the Warrantor; and
 - (j) the representations and warranties by the Vendor and the Warrantor under the Sale and Purchase Agreement being true, accurate, complete and not misleading in all material aspects.

Post Completion conditions

The post completion conditions under the Sale and Purchase Agreement includes, among others:

- (a) the Vendor shall assist the Purchaser in the de-registration of mortgages, pledges, guarantees, and other relevant encumbrances in connection with the Onshore Loans with the relevant office of SAMR and other relevant governmental authorities;
- (b) the Purchaser shall, and the Vendor shall assist the Purchaser to, cause the Target Group who use any trade names containing “乾龙”, “Q’LONG Q” or other relevant logo to change or transfer such trade names;
- (c) the Hefei Qianlong Logistics Park shall have obtained the relevant written document from the Hefei local government and the pipelines of the Hefei Qianlong Logistics Park have been properly handled; and
- (d) the certificates of land use right and the relevant property ownership certificates pursuant to the Sale and Purchase Agreement shall have all been obtained.

COMPLETION OF THE SALE AND PURCHASE AGREEMENT

Upon (i) the payment of the First Payment (ii) the payment of the First Tranche of the Other Receivables recorded in the Estimated Completion Accounts; and (iii) the signing of the confirmation letter of the fulfillment (or, if applicable, the waiver) of all the conditions precedent as set out in the Sale and Purchase Agreement by the Vendor and the Purchaser, the Vendor shall provide written notice (the “**Completion Notice**”) to the Purchaser setting forth the Completion Date. On the Completion Date, the Purchaser shall repay part of the Onshore Loans as per Onshore Loan Banks’ request pursuant to the Sale and Purchase Agreement and the Vendor shall bear all the expenses in connection with such repayment of the Onshore Loans (if any).

Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group’s consolidated financial statements.

If any condition(s) precedent is/are not fulfilled and the non-fulfilment is not due to the fault of either party, either party shall be entitled to terminate the Sale and Purchase Agreement and the First Payment shall be refunded to the Purchaser. If non- fulfillment of the conditions precedent is due to the fault of either party and the Vendor and the Purchaser are therefore unable to continue to perform or achieve the purpose of the Sale and Purchase Agreement, the non-defaulting party shall be entitled to terminate the Sale and Purchase Agreement and claim damages from the defaulting party, whereas the First Payment shall be refunded to the Purchaser.

INFORMATION ON THE PURCHASER

The Group is principally engaged in logistics, toll road, ports and general-environmental protection businesses. It 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 logistics infrastructure projects including urban integrated logistics hubs and toll roads, and provides value-added logistics services to customers based on these infrastructures. Through expansion, mergers and acquisitions, restructuring and consolidation, the Group expands into various business segments such as comprehensive development of lands related to the logistics industry as well as investment in and operation of general-environmental protection business.

The Purchaser, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of the Company. Its principal business is investment holding.

INFORMATION ON THE VENDOR AND WARRANTOR

Based on the information provided by the Vendor, the Vendor is incorporated under the laws of the BVI with limited liability and the principal activity of the Vendor is investment holding. The Vendor is an indirect wholly-owned subsidiary of the Warrantor. The Warrantor is a company whose shares are listed on the Stock Exchange (Stock Code: 01668) The principal business of Warrantor is operating and developing large-scale integrated trade logistics and commodity display and trading center. The ultimate beneficial owner of the Vendor is China South City Holdings Limited, the Warrantor.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability which is principally engaged in investment holding. As at the date of this announcement, Target Company indirectly holds and operates the Hefei Qianlong Logistics Park and Zhengzhou Qianlong Logistics Park through Project Companies, respectively. The Logistics Parks are located in cities of Hefei and Zhengzhou, respectively, noticeable geographical advantages and fine accessibility, and with a total land area of approximately 1,377 mu and a completed gross construction area of approximately 405,700 m². Hefei Qianlong Logistics Park and Zhengzhou Qianlong Logistics Park mainly provide services to local industries, with customers including express delivery industries, third-party logistics industries and customized logistics industries.

Set forth below are summaries of the audited financial information of the Target Group (assuming the Spin-Off has been completed) for the year ended 31 December 2020 and the nine months ended 30 September 2021 respectively (prepared and disclosed in accordance with the applicable PRC GAAP):

Based on the audited information of the Target Group (assuming the Spin-Off has been completed) (Audited)		
	2020	2021
	RMB	RMB
	<i>As at 31 December</i>	<i>As at 30 September</i>
- Total asset value	1,859,691,055.14	1,625,172,196.17
- Net asset value	(333,068,686.22)	(302,505,800.07)
	<i>For the year ended 31 December</i>	<i>For the nine months ended 30 September</i>
- Profit/(loss) before taxation	11,354,168.99	(11,001,123.59)
- Profit/(loss) after taxation	8,701,552.00	(11,001,123.59)

REASONS FOR AND BENEFIT OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Group is principally engaged in logistics, toll roads, ports and general-environmental protection businesses. The Group carries out the investment, construction and operation of logistics infrastructure facilities through investment, mergers and acquisitions, restructuring and consolidation, and provides high-end value-added logistics services to customers. The acquisition of high-quality logistics warehouse projects in the two core cities of Zhengzhou and Hefei is in line with the Group's "14th Five-Year Plan" development strategy. Through the acquisition, the Group can increase its area of logistics park operation and management in Zhengzhou and Hefei, accelerating the Group's strategy of "multiple logistics parks within one city" in the core area, and by virtue of the Group's good relations with the government, its established market-oriented construction and business operation capabilities, the Group can upgrade and optimize the project, improving and increasing the overall value of the projects and maximize its benefits in the long run. The acquisition will also enlarge the Group's total reserve of logistics assets, laying the foundation for potential future assets securitization, which will promote the Group's closed-loop "investment, construction, financing and operation" business model, improve the overall capital efficiency and profitability, and facilitate its transformation as a "logistics infrastructure asset management platform".

The Board is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Sale and Purchase Agreement exceeds 5% but is less than 25%, the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under the Listing Rules and are subject to the reporting and announcement requirements.

DEFINITIONS

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

“Affiliate(s)”	for a person over whom, under whose control, or with whom they are under joint control
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Charge of the Harbin Real Estate”	subsidiaries of the Warrantor established in the PRC mortgages the land use right and relevant above-ground buildings of the place where, the Harbin Baolitong Shichang Kaifa Co., Ltd.* (哈爾濱寶力通市場開發管理有限公司) is located, to the a PRC company designated by Purchaser as a credit enhancement arrangement to fulfill Warrantor’s obligations under the Sale and Purchase Agreement
“Company”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 00152)
“Completion”	the completion under the Sale and Purchase Agreement
“Completion Date”	the date on which the Completion is occurred
“Completion Accounts”	the audited consolidated completion accounts of Target Group to be prepared by the auditor designated by the Purchaser
“Directors”	the directors of the Company
“Estimated Completion Accounts”	the estimated consolidated completion accounts of the Target Group as at 31 March 2022 (prepared on a consolidated basis)
“First Part of the Second Payment”	the first part of the second payment under the Sale and Purchase Agreement as set out in paragraph (b) in the section headed “The Sale and Purchase Agreement – Consideration and payment terms”
“First Payment”	the first payment under the Sale and Purchase Agreement as set out in paragraph (a) in the section headed “The Sale and Purchase Agreement – Consideration and payment terms”
“First Tranche of the Other Receivables”	the first tranche of the other receivables under the Sale and Purchase Agreement as set out in paragraph (a) in the section headed “The Sale and Purchase Agreement – Consideration and payment terms”

“Group”	the Company and its subsidiaries
“Hefei Qianlong Logistics Park”	a total area of approximately 421,865.15 m ² of the land use rights and the above-ground buildings, located in Feixi County, Hefei City, Anhui Province, PRC
“HKD”	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
“Logistics Parks”	collectively, the Hefei Qianlong Logistics Park and the Zhengzhou Qianlong Logistics Park
“Offshore Loan”	the loan facility granted to the Warrantor under the facility agreement entered into among the Warrantor, the Vendor, the Target Company and certain other parties thereto, the security agreement entered into among the Vendor, the Target Company and certain other parties thereto, and pledge agreements entered into among relevant Project Companies and certain other parties thereto
“Onshore Loan Banks”	2 licensed banks in the PRC that provide Onshore Loans to the Target Group
“PRC”	the People’s Republic of China
“PRC GAAP”	the PRC Accounting Standards and Accounting Regulations for Business Enterprises (《中國企業會計準則》) promulgated by the Ministry of Finance of the PRC on February 15, 2006 and its supplementary regulations, as amended, supplemented or otherwise modified from time to time
“Project Companies”	collectively, Shenzhen Qianlong Yunying Guanli Co., Ltd.* (深圳市乾龍運營管理有限公司), Qianlong Logistics Co., Ltd.* (乾龍物流集團有限公司), Hefei Qianlong Wuliu Co., Ltd.* (合肥乾龍物流有限公司), Zhengzhou Qianlong Yunying Jituan Co., Ltd.* (鄭州乾龍運營集團有限公司) and Zhengzhou Qianlong Wuliu Co., Ltd.* (鄭州乾龍物流有限公司)
“Purchaser”	Shenzhen International China Logistics Development Limited (深國際中國物流發展有限公司), a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 March 2022 between the Vendor, the Purchaser and the Guarantor in relation to the sale and purchase of Target Shares
“SAMR”	the State Administration for Market Regulation of the PRC and its local competent counterparts of the PRC
“Shareholder’s Loan”	the shareholder’s loan from the Vendor to the Target Company in the amount of the Shareholder’s Loan Consideration
“Shareholder’s Loan Consideration”	the outstanding amount of the Shareholder’s Loan as set out in the section headed “The Sale and Purchase Agreement – Consideration and payment terms”
“Spin-Off”	as at the signing of the Sale and Purchase Agreement, the Target Group has formed an equity structure in which the Target Company is the holding company and the Project Companies are the only 5 subsidiaries of the Target Company established in the PRC, and the Vendor has terminated the businesses of the Project Companies which are not within the scope of the Transaction, and as at the Completion Date, the Target Group shall have terminated its employment relationship with all employees and other relevant personnel according to the applicable law
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Season Hero Holdings Limited (軒榮控股有限公司), a company incorporated in Hong Kong with limited liability
“Target Shares”	the entire issued share capital of Target Company
“Target Shares Consideration”	the consideration for the Target Shares as set out in the section headed “The Sale and Purchase Agreement – Consideration and payment terms”
“Target Group”	Target Company and Project Companies
“Transaction”	the Purchaser conditionally agreed to purchase and accept the assignment of, and the Vendor conditionally agreed to sell the entire issued share capital of the Target Company (which indirectly held the Logistics Parks) and assign to the Purchaser the Shareholder’s Loan. In addition, pursuant to the terms of the Sale and Purchase Agreement, the Purchaser shall repay part of the Onshore Loans, and the Target Group shall retain the remainder of the Onshore Loans, and the Vendor shall bear all the expenses in connection with such repayment of the Onshore Loans. (if any)

“Vendor”	Stanwick Holdings Limited a company incorporated in the BVI with limited liability
“Warrantor”	China South City Holdings Limited (華南城控股有限公司), a limited company incorporated and existing under the laws of Hong Kong, the shares of which are listed on the Stock Exchange (Stock Code: 01668)
“Zhengzhou Qianlong Logistics Park”	a total area of approximately 493,353.24 m ² of the land use rights and the above-ground buildings, located in Xinzheng, Zhengzhou City, Henan Province, PRC
“m ² ”	square meters
“mu”	a Chinese unit of area
“%”	per cent

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

31 March 2022

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

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*