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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
DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY**

DISPOSAL

The Board announces that China Logistics, an indirect wholly-owned subsidiary of the Company, has completed the procedure of the Public Tender on the SUPX for the disposal of 100% equity interest in the Target Company. On 12 December 2022, the Company was notified by SUPX that the Public Tender on the SUPX has ended and the successful bidder was HS Warehousing. The bid price was approximately RMB1,013 million (approximately HK\$1,126 million). Accordingly, China Logistics shall enter into the Transfer Agreement (including any supplemental agreement to the Transfer Agreement) with HS Warehousing and the Target Company in accordance with the regulations of the SUPX in respect of the disposal of 100% equity interest in the Target Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the Disposal was in line with the Group's business development plan. The Disposal, on the one hand, can speed up the implementation of the Group's "investment, construction, financing and operation" business model, improve capital utilization efficiency on the premise of continuing to maintain the operation and management rights of the logistics hub, and realize asset appreciation in advance, which will help the Group continue to enlarge its market share. In addition, the Target Company and the Group have entered into an entrusted management and service agreement in October 2022, pursuant to which the Group shall provide long-term management and operation services to the Target Company. As such, the Group will still provide professional services such as operation and maintenance services to the Target Company and continue to charge service fees after the Completion. The Disposal will enable the Group to accelerate the return of funds and promote effective investment while maintaining the operation right.

LISTING RULE IMPLICATIONS

As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board announces that China Logistics, an indirect wholly-owned subsidiary of the Company, has completed the procedure of the Public Tender on the SUPX for the disposal of 100% equity interest in the Target Company. On 12 December 2022, the Company was notified by SUPX that the Public Tender on the SUPX has ended and the successful bidder was HS Warehousing. The bid price was approximately RMB1,013 million (approximately HK\$1,126 million). Accordingly, China Logistics shall enter into the Transfer Agreement (including any supplemental agreement to the Transfer Agreement) with HS Warehousing and the Target Company in accordance with the regulations of the SUPX in respect of the disposal of 100% equity interest in the Target Company.

TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are summarized below:

Parties: (i) China Logistics;
(ii) HS Warehousing;
(iii) Target Company

Sale Equity Interest: 100% equity interest in the Target Company held by China Logistics

Method of equity transfer: The Sale Equity Interest has been publicly listed on the SUPX from 7 November 2022 to 9 December 2022 with HS Warehousing as the only prospective bidder and HS Warehousing shall acquire the Sale Equity Interest under the Transfer Agreement according to relevant rules.

Consideration: According to the result of the Public Tender, the bid price was approximately RMB1,013 million (approximately HK\$1,126 million), which was the same as the Transfer Base Price.

Basis of determining the consideration The Disposal was facilitated by way of public tender at the SUPX. The Transfer Base Price was determined with reference to the valuation of the entire shareholders' equity of the Target Company as at 30 June 2022, being approximately RMB1,013 million, as determined by Pengxin Appraisal, an independent valuer using the asset based approach.

Payment terms: HS Warehousing shall make payment of the consideration of the Disposal to China Logistics in the following manner:

- (i) HS Warehousing has made a payment of a deposit in the amount of RMB506,652,000 (approximately HK\$562,947,000) as per the requirements of China Logistics and the SUPX as the guarantee for the bid. Upon entering into the Transfer Agreement, the deposit shall be treated as the performance guarantee money and will be used to satisfy part of the consideration upon payment of the balance of the consideration in the amount of RMB506,652,000 (approximately HK\$562,947,000) by HS Warehousing;
- (ii) Within 5 Working Days from the effective date of the Transfer Agreement, HS Warehousing shall make an one-off payment of the balance of the consideration in the amount of RMB506,652,000 (approximately HK\$562,947,000) to an account designated by the SUPX.

Disposal of creditor's rights and debts: The creditor's rights and debts of the Target Company shall remain with the Target Company. As at 30 November 2022, the Target Company was indebted to Shenzhen International (SZ) a shareholder's loan including the principal and the interest in the amount of approximately RMB51.11 million (approximately HK\$56.79 million). HS Warehousing shall provide the Target Company sufficient fund no later than the Completion Date for settlement of such shareholder's loan.

Completion: Upon the remittance of the remaining balance in the amount of MB506,652,000 (approximately HK\$562,947,000) into the account designated by the SUPX by HS Warehousing, China Logistics shall deliver all documents, materials and objects of the Target Company to HS Warehousing and the parties shall sign a confirmation letter in respect of the Completion.

Before the Completion Date, China Logistics shall be entitled to all shareholder's rights in respect of the Target Company (including but not limited to management right, option, decision-making right and supervision right). China Logistics shall perform the good management obligation on the subject matter of the Transfer Agreement, the shareholder's interest and the assets of the Target Company. From the Completion Date, HS Warehousing shall be entitled to all shareholder's rights in respect of the Target Company and bear all shareholder's duties.

Change of industrial and commercial registration: China Logistics shall cooperate with HS Warehousing in respect of the transfer of Sale Equity Interest and the change of industrial and commercial registration in respect of the transfer of Sale Equity Interest shall be completed within 30 Working Days after HS Warehousing has remitted the remaining balance of the consideration in the amount of RMB506,652,000 (approximately HK\$562,947,000) into the account designated by the SUPX and the Target Company has settled the abovementioned shareholder's loan.

INFORMATION OF THE PARTIES

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.

HS Warehousing and Shenshi Fund

HS Warehousing was established in the PRC with limited liability. As at the date of this announcement, it was held as to approximately 99.99% by Shenshi Fund. HS Warehousing is principally engaged in cargo warehousing services, warehousing equipment leasing services, supply chain management services, industrial park management and property management, etc.

Shenshi Fund is a private equity fund for the logistics industry jointly established by the Group and Gold Stone, a subsidiary of CITIC Securities Co., Ltd., a joint stock limited company incorporated in the PRC whose shares are listed on the Stock Exchange (Stock Code: 06030). The general partners/executive partners of Shenshi Fund are SZI Logistics Development and Gold Stone. Gold Stone also acts as the fund manager of Shenshi Fund. As at date of this announcement, Shenshi Fund was owned as to 40% by the Group and as to 23.64% by Gold Stone or its related entity. Other limited partners hold less than 30% interest in Shenshi Fund.

To the best knowledge, information and belief of the Directors after making reasonable enquiries, save for Shenzhen International (SZ) and SZI Logistics Development, which are subsidiaries of the Company, HS Warehousing and its ultimate beneficial owners are third

parties independent of the Company and connected persons of the Company.

Target Company

The Target Company is established in the PRC with limited liability. As at the date of this announcement, it has a registered share capital of USD75 million and is a wholly-owned subsidiary of China Logistics. The Target Company is principally engaged in supply chain management, industrial warehousing operation and management, logistics information consulting, e-commerce platform development, exhibition services and property management services, etc.

Set out below is audited financial information of the Target Company for the two financial years ended 31 December 2020 and 31 December 2021 prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

	For the year ended 31 December 2020 <i>(approximately RMB'000)</i>	For the year ended 31 December 2021 <i>(approximately RMB'000)</i>
Profit before tax	5,915.74	1,467.38
Profit after tax	4,436.81	1,100.53

The unaudited net asset value of the Target Company as at 30 November 2022 was approximately RMB511 million (approximately HK\$568 million). According to the Valuation Report, the value of the entire shareholders' equity of the Target Company as at 30 June 2022 amounted to approximately RMB1,013 million (approximately HK\$1,126 million) as valued by Pengxin Appraisal using asset based approach.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the Disposal was in line with the Group's business development plan. The Disposal, on the one hand, can speed up the implementation of the Group's "investment, construction, financing and operation" business model, improve capital utilization efficiency, on the premise of continuing to maintain the operation and management rights of the logistics hub, and realize asset appreciation in advance, which will help the Group continue to increase its market share. In addition, the Target Company and the Group have entered into an entrusted management and service agreement in October 2022, pursuant to which the Group shall provide long-term management and operation services to the Target Company. As such, the Group will still provide professional services such as operation and maintenance services to the Target Company and continue to charge service fees after the Completion. The Disposal will enable the Group to accelerate the return of funds and promote effective investment while maintaining the operation right.

The Board considers that the terms of the Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

The Group expects to record a pre-tax gain on the Disposal of approximately RMB502 million (approximately HK\$558 million). The pre-tax gain was calculated by reference to the difference between the consideration of the Disposal and the net asset value of the Target Company. The actual gain of the Disposal to be recorded will be subject to audit by the Group's auditor.

Upon Completion, the Target Company will cease to be a subsidiary of the Group.

The Company intends to use proceeds from the Disposal for investment in and development of the new integrated logistics port project and general working capital purpose of the Group.

LISTING RULE IMPLICATIONS

As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“China Logistics”	Shenzhen International China Logistics Development Limited (深國際中國物流發展有限公司), a limited company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Company”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal under the Transfer Agreement
“Completion Date”	the date when HS Warehousing has made payment of all consideration of the Disposal to the account designated by SUPX and when China Logistics has delivered all documents, materials and objects of the Target Company to HS Warehousing
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity Interest by China Logistics through the Public Tender
“Gold Stone”	Gold Stone Investment Co., Ltd.*金石投資有限公司, a company established in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HS Warehousing”	Hangzhou Shenhong Warehousing Co., Ltd.* 杭州深杭倉儲有限公司, the subsidiary of Shenshi Fund and is held as to approximately 99.99% by Shenshi Fund directly and indirectly

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pengxin Appraisal”	Shenzhen Pengxin Appraisal Limited (深圳市鵬信資產評估土地房地產估價有限公司), an independent valuer established in PRC with asset valuation qualifications
“PRC”	the People’s Republic of China
“Public Tender ”	the public tender process conducted through the SUPX in respect of the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interest”	100% equity interest in the Target Company which China Logistics proposes to sell
“Shenshi Fund”	Shenshi (Shenzhen) Smart Logistics Infrastructure Private Fund Partnership (Limited Partnership)*深石(深圳)智慧物流基礎設施私募基金合夥企業(有限合夥), the private equity fund for the logistics industry jointly established by the Group and Gold Stone
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUPX”	Shenzhen United Property and Equity Exchange* (深圳聯合產權交易所股份有限公司)
“Shenzhen International (SZ)”	Shenzhen International Holdings (SZ) Limited*深國際控股（深圳）有限公司, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“SZI Logistics Development”	Shenzhen International Logistics Development Co., Ltd. *深圳市深國際物流發展有限公司, a company established in the PRC with limited liability and a wholly owned subsidiary of the Company
“Target Company”	Hangzhou Shenzhen International Supply Chain Management Co., Ltd.*杭州深國際供應鏈管理有限公司, a company incorporated in the PRC with limited liability and is indirectly wholly owned by the Company as at the date of this announcement
“Transfer Agreement”	the equity transfer agreement (including any supplemental agreement to the Transfer Agreement) to be entered into among China Logistics, HS Warehousing and the Target Company in relation to the Disposal

“Transfer Base Price”	the reserve price for the Disposal, being approximately RMB1,013 million (approximately HK\$1,126 million)
“USD”	United States dollar, the lawful currency of the United States of America
“Valuation Report”	the valuation report dated 1 November 2022 prepared by Pengxin Appraisal in respect of the Target Company
“Working Day(s)”	working days in the PRC, except Saturdays, Sundays and statutory holidays in the PRC
“%”	per cent

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

12 December 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, Dr. Zhou Zhiwei as non-executive Director and Mr. Pan Chaojin, Dr. Zeng Zhi and Dr. Wang Guowen as independent non-executive Directors.

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.90. 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\$ was or may be exchanged at this rate or any other rates or at all.

** For identification purpose only*