

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Shineroad International Holdings Limited

欣融國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1587)

MAJOR TRANSACTION CONSTRUCTION AGREEMENT IN RELATION TO THE CONSTRUCTION OF FACTORY PREMISES

THE CONSTRUCTION AGREEMENT

On 1 June 2023 (after trading hours), Shanghai Shineroad, an indirect wholly-owned subsidiary of the Company, entered into the Construction Agreement with Shanghai Changyi in relation to the construction of the Factory Premises on the Land at an aggregate Consideration of RMB156.5 million. The Consideration was arrived at from a tender process whereby invitation to bid for construction on the Land was solicited by Shanghai Shineroad.

LISTING RULES IMPLICATIONS

In respect of the Construction Agreement, as one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules exceed 25% but are all less than 100%, the transaction contemplated under the Construction Agreement constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written approval for the Construction Agreement in accordance with Rule 14.44 of the Listing Rules from Shineroad Group, the controlling Shareholder holding 75% of the total issued share capital of the Company as at the date of this announcement. As such, since written approval has been obtained pursuant to Rule 14.44 of the Listing Rules, no extraordinary general meeting will be convened for the purpose of approving the Construction Agreement and the transaction contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Shareholders including Shineroad Group has any material interest in the transactions under the Construction Agreement and no Shareholder is required to abstain from voting if an extraordinary general meeting were to be convened for the approval of the Construction Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) further details of the Construction Agreement; and (ii) financial information of the Group, will be despatched to the Shareholders on or before 23 June 2023.

THE CONSTRUCTION AGREEMENT

On 1 June 2023 (after trading hours), Shanghai Shineroad, an indirect wholly-owned subsidiary of the Company, entered into the Construction Agreement with Shanghai Changyi in relation to the construction of the Factory Premises at an aggregate Consideration of RMB156.5 million.

The principal terms of the Construction Agreement are set out below:

Date: 1 June 2023

Parties: (a) Shanghai Shineroad; and
(b) Shanghai Changyi as contractor.

Subject matter: Shanghai Changyi will act as the general contractor responsible for constructing the Factory Premises on the Land, with a total construction area of 40,816.13 sq. metres and comprising the Shineroad international global research and development centre and the product incubation manufacturing base.

Construction commencement date: 8 June 2023.

Construction period: 426 days, commencing from 8 June 2023 to 7 August 2024.

- Consideration:** RMB156.5 million, tax inclusive and comprising the following:
- (a) RMB115.5 million for contractor's construction fee;
 - (b) RMB3.1 million for safe and civilized construction fee;
 - (c) RMB4.9 million for construction fee relating to specific project (e.g. scaffolding, formwork, etc.);
 - (d) RMB2.0 million for construction fee relating to other project;
 - (e) RMB30.7 million for provisional fee relating to professional subcontracting construction works; and
 - (f) RMB0.3 million for general contracting service fee.

Payment terms: The Consideration shall be paid by Shanghai Shineroad in the following manner:

- (a) up to 75% of the Consideration shall be settled by way of progress payment to be made monthly, which shall be determined based on the actual work done and approved by Shanghai Shineroad;
- (b) up to 80% of the Consideration shall be paid after the completion and acceptance of the construction works;
- (c) up to 97% of the confirmed final contract sum of the construction works shall be paid within 14 days after the final construction works price is determined; and
- (d) the remaining 3% shall be used as warranty payment, which shall be payable within 14 days after the expiration of the relevant warranty period.

Warranty: During the warranty period, Shanghai Changyi shall be responsible for handling quality problems of the construction works in a timely manner and in accordance with terms and conditions of the Construction Agreement. The warranty period varies depending on the types of construction works.

**Performance
guarantee:**

Shanghai Changyi shall, within 10 days after the entering into of the Construction Agreement, provide a letter of guarantee to Shanghai Shineroad issued by a bank in an amount of RMB15,650,000, representing approximately 10% of the Consideration, for a period up to the completion and acceptance of the construction works after inspection, and within 15 days after Shanghai Changyi departs from the Factory Premises.

Basis of Consideration

The Consideration was arrived at from a tender process whereby invitation to bid for the construction of the Factory Premises on the Land was solicited by Shanghai Shineroad and the tender submitted by Shanghai Changyi was considered the most appropriate after taking into account the tender price and payment terms, as well as Shanghai Changyi's background, capacity, qualifications and experiences. Accordingly, the Directors consider that the Consideration is fair and reasonable.

The Consideration will be satisfied by the internal resources and bank borrowings of the Group.

**INFORMATION ON THE COMPANY AND THE PARTIES TO THE
CONSTRUCTION AGREEMENT**

The Company

The Company is an investment holding company incorporated in the Cayman Islands. The Group is one of the leading distributors of food ingredients and food additives and with outstanding and innovative research and development capacity.

Shanghai Shineroad

Shanghai Shineroad is a company established in the PRC with limited liability and indirectly wholly owned by the Company. It is principally engaged in distribution of food ingredients and food additives in the PRC.

Shanghai Changyi

Shanghai Changyi is a company established in the PRC with limited liability. It is principally engaged in construction and decoration general contracting works. It is owned as to 80% by 劉亞洲 (Liu Yazhou*) and 20% by 楊新玉 (Yang Xinyu*).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shanghai Changyi and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

As disclosed in the announcement of the Company dated 2 June 2022, the Company acquired the land use rights of the Land on 31 May 2022 and planned to construct a food and fodder additives factory on the Land which is in line with the principal business of the Group. The Company considers that the construction of the Factory Premises can further expand the Group's business, widen the portfolio of its self-developed formulated products and potential food ingredients, and beneficial to the Group's future development.

Shanghai Shineroad has selected Shanghai Changyi as contractor through a tendering process, in which five bids were received, and the Construction Agreement was awarded to Shanghai Changyi after an assessment of the technical expertise, experience, reputation and proposed construction price of the bidders.

In view of the above, the Directors, including the independent non-executive Directors, consider that the Construction Agreement was entered into upon normal commercial terms and that the terms of the Construction Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

In respect of the Construction Agreement, as one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules exceed 25% but are all less than 100%, the transaction contemplated under the Construction Agreement constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written approval for the Construction Agreement in accordance with Rule 14.44 of the Listing Rules from Shineroad Group, the controlling Shareholder holding 75% of the total issued share capital of the Company as at the date of this announcement. As such, since written approval has been obtained pursuant to Rule 14.44 of the Listing Rules, no extraordinary general meeting will be convened for the purpose of approving the Construction Agreement and the transaction contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Shareholders including Shineroad Group has any material interest in the transactions under the Construction Agreement and no Shareholder is required to abstain from voting if an extraordinary general meeting were to be convened for the approval of the Construction Agreement and the transaction contemplated thereunder.

A circular containing, among other things, (i) further details of the Construction Agreement; and (ii) financial information of the Group, will be despatched to the Shareholders on or before 23 June 2023.

DEFINITIONS

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

“Board”	board of Directors
“Company”	Shineroad International Holdings Limited (欣融國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange (stock code: 1587)
“Consideration”	the total consideration payable by Shanghai Shineroad to Shanghai Changyi under the Construction Agreement, being RMB156.5 million
“Construction Agreement”	the construction agreement dated 1 June 2023 entered into between the Shanghai Shineroad and Shanghai Changyi (as contractor) in relation to the construction of the Factory Premises
“Director(s)”	director(s) of the Company
“Factory Premises”	the factory premises to be constructed on the Land, with a total construction area of 40,816.13 sq. metres and comprising the Shineroad international global research and development centre and the product incubation manufacturing base

“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
“Land”	the parcel of land situated at Plot No. 03–05, Jinhui Town, Fengxian District, Shanghai, the PRC, which is located at the east of Guanghan Industrial (廣漢實業), the west of Planning Jinri Road (規劃錦日路), the south of Planning Jinfa Road (規劃金發路), and the north to Jinyan Software (金沿軟件)
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Changyi”	上海昌毅建築工程有限公司 (Shanghai Changyi Construction Engineering Co., Ltd.*), a company with limited liability established in the PRC
“Shanghai Shineroad”	上海欣融食品原料有限公司 (Shanghai Shineroad Food Ingredients Co., Ltd.*), a company with limited liability established in the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shineroad Group”	Shineroad Group Limited, a company with limited liability incorporated in the British Virgin Islands, which is indirectly wholly owned by Mr. Huang Haixiao, an executive Director

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

* *For identification purposes only*

By Order of the Board
Shineroad International Holdings Limited
Huang Haixiao
Chairman

Hong Kong, 1 June 2023

As at the date of this announcement, the executive Directors are Mr. Huang Haixiao, Ms. Huang Xin Rong and Mr. Dai Yihui and the independent non-executive Directors are Mr. Tan Wee Seng, Mr. Chan Ka Kit and Mr. Meng Yuecheng.