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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 ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT

ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT

On 30 June 2023, Bay Area Investment (a wholly-owned subsidiary of the Company) and the Project Company (a non-wholly owned subsidiary of the Company) entered into the Entrusted Construction Management Agreement regarding the provision by Bay Area Investment of a full range of project management services for the construction affairs in relation to the development of the SZ Pingshan Project.

IMPLICATIONS UNDER THE LISTING RULES

SIHCL is the controlling shareholder of the Company, and directly and indirectly holds an aggregate of approximately 44.25% of the issued shares of the Company as at the date of this announcement. It is therefore a connected person of the Company under the Listing Rules. SEG, a company held as to approximately 42% by SIHCL in the aggregate and is therefore an associate of SIHCL, controls over 10% voting power in the Project Company. The Project Company is therefore a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules and accordingly, the transactions contemplated under the Entrusted Construction Management Agreement constitute a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules for the transactions contemplated under the Entrusted Construction Management Agreement are more than 0.1% but less than 5%, the Entrusted Construction Management Agreement is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT

On 30 June 2023, Bay Area Investment and the Project Company entered into the Entrusted Construction Management Agreement regarding the provision by Bay Area Investment of a full range of project management services for the construction affairs in relation to the development of the SZ Pingshan Project. The principal terms of the Entrusted Construction Management Agreement are summarised as follows:

Date

30 June 2023

Parties

- (a) Bay Area Investment (a wholly-owned subsidiary of the Company); and
- (b) the Project Company (a non-wholly owned subsidiary of the Company)

Scope of services

The Project Company entrusts Bay Area Investment to manage on its behalf the construction affairs in relation to the development of the SZ Pingshan Project. In particular, the scope of services to be provided by Bay Area Investment include, among others, the obtaining of construction approval, surveying, design, procurement, investment control, construction and safety management, cost control, delivery acceptance and completion procedures as well as post-completion maintenance of construction works, etc.

Term of services

The Entrusted Construction Management Agreement takes effect from the date of the agreement and for a term of services commencing from the day on which Bay Area Investment commences the provision of project management services to the Project Company until the day on which Bay Area Investment completes all the work under the Entrusted Construction Management Agreement, which covers the relevant management works during the entire construction phase of the SZ Pingshan Project (which is currently expected to complete in 2025) as well as the post-completion follow up works related thereto during the quality warranty period (generally being 2 years from the date of completion of the acceptance of the construction works).

Quality warranty period

According to the “Regulations on Construction Project Quality Management”, the quality warranty periods shall be as follows:

- for basic infrastructure, foundation and main structure, the reasonable service life of the project specified in the design documents;

- for roof waterproofing works, toilets with waterproof requirements, anti-seepage of rooms and external walls, 5 years from the date of the completion of the acceptance of the construction works; and
- for other works such as heating and cooling systems, pipes and ducts, equipment installation and general fittings and decorations, the quality warranty period is generally 2 years from the date of the completion of the acceptance of the construction works.

Consideration

The total management fee charged by Bay Area Investment to the Project Company under the Entrusted Construction Management Agreement will not exceed RMB29.79 million (equivalent to HK\$32.38 million). The management fee has been determined after arm's length negotiation among the parties with reference to the pricing standard prescribed by local governmental authorities in Shenzhen, the current construction plan of SZ Pingshan Project and on the basis of other management costs that would be incurred by Bay Area Investment.

Payment terms

The management fee will be settled annually based on progress of construction and implementation, and determined as an amount calculated as a fixed percentage of 2.16% of the total construction and installation cost incurred for the development of the SZ Pingshan Project in that year during the term of the Entrusted Construction Management Agreement, subject to the maximum total management fee described above.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT

The Project Company is an indirect non-wholly owned subsidiary of the Company but it does not have in place a dedicated construction project department with the professional skills and expertise in construction project management. Bay Area Investment has been specializing in the construction and operation of logistics parks and has substantial experience and teams of professional personnel in construction project management. By entrusting Bay Area Investment with the construction management of the SZ Pingshan Project on behalf of the Project Company, the construction management costs of the SZ Pingshan Project could be lowered and the development could be carried out in a more efficient and orderly manner. The entering into of the Entrusted Construction Management Agreement can fully leverage the expertise and resources of the other members of the Group in construction project management, allow members of the Group to complement each other and achieve synergies to improve cost control and operational efficiency, thereby enhancing the overall competitiveness of the Group.

Having taken into account the above, the Directors (including the independent non-executive Directors) consider that the terms of the Entrusted Construction Management Agreement (including the management fee and payment terms) were entered into in the ordinary and usual course of business of the Group after arm's length negotiations and on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in logistics, toll road, port and general-environmental protection businesses. The Group perceives the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei areas and major logistics gateway cities as key strategic regions. Through investment, mergers and acquisitions, restructuring and consolidation, the Group focuses on the investment, construction and operation of logistics infrastructure in the four major areas of "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure" (including inland ports, urban integrated logistics parks, air cargo terminals and railway logistics terminals) and toll roads. The Group provides its customers with value-added logistics services including intelligent warehouse and integrated cold chain warehousing, and also expanded its business segments to include the comprehensive development of land related to the "logistics + commerce" industries as well as the investment in and operation of general-environmental protection business. As at the date of this announcement, the Company is directly and indirectly owned as to approximately 44.25% by SIHCL.

Bay Area Investment, a limited liability company established in the PRC, is an indirect wholly-owned subsidiary of the Company. Its principal business is the investment, comprehensive development and construction, operation and management of modern logistics parks and industrial parks.

The Project Company is a limited liability company established in the PRC and is principally engaged in self-owned property leasing, warehousing services, logistics supply chain and logistics park management. As at the date of this announcement, the Project Company is indirectly owned as to 70% equity interest by the Company and directly owned as to 30% equity interest by SEG, which in turn is an associate of SIHCL for the purpose of Chapter 14A of the Listing Rules. The Project Company is therefore a connected subsidiary of the Company.

SZ PINGSHAN PROJECT

The Project Company owns the SZ Pingshan Project, which is an intelligent logistics hub project under planning about 5 km away from the Pingshan exit of the Shenhai Expressway and 50 km from Shenzhen city centre. The SZ Pingshan Project has a site area of approximately 120,000 square meters and a planned gross floor area of approximately 450,000 square meters. It has distinct locational advantage of being surrounded by enterprises in sectors with huge demand for logistics services, such as the information technology, biopharmaceutical and new energy vehicle industries. The SZ Pingshan Project will be a "demonstration base for deep integration of

manufacturing and logistics industries” inside Shenzhen’s “20+8” strategic emerging industry clusters. It will also act as a “shared intelligent logistics service center” for “9+2” strategic emerging industries in Pingshan District. It will provide efficient intelligent comprehensive logistics services to the advanced manufacturing industry. Upon completion, it will help address the shortage of high-standard logistics facilities in Pingshan District, significantly lower the logistics costs of manufacturing enterprises, and effectively promote the deep integration of manufacturing and logistics industries in Pingshan District. All the costs for the construction and development of the SZ Pingshan Project are expected to be funded by the internal resources of the Group, external debt financing or a combination of both, while the management fee payable by the Project Company to Bay Area Investment will be paid in cash.

IMPLICATIONS UNDER THE LISTING RULES

SIHCL is the controlling shareholder of the Company, and directly and indirectly holds an aggregate of approximately 44.25% of the issued shares of the Company as at the date of this announcement. It is therefore a connected person of the Company under the Listing Rules. SEG, a company held as to approximately 42% by SIHCL in the aggregate and is therefore an associate of SIHCL, controls over 10% voting power in the Project Company. The Project Company is therefore a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules and accordingly, the transactions contemplated under the Entrusted Construction Management Agreement constitute a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules for the transactions contemplated under the Entrusted Construction Management Agreement are more than 0.1% but less than 5%, the Entrusted Construction Management Agreement is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the Entrusted Construction Management Agreement and no Director was required to abstain from voting on the Board resolutions approving the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

DEFINITIONS

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

“%”	per cent.
“Bay Area Investment”	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
“Board”	the board of Directors
“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)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“connected subsidiary”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Construction Management Agreement”	the entrusted construction management services agreement dated 30 June 2023 entered into between Bay Area Investment and the Project Company regarding the provision by Bay Area Investment of project management services for the construction works in relation to the development of the SZ Pingshan Project
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), 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

“Project Company”	Shenzhen JDI Inc.* (深圳市坪深國際數字物流港有限公司) (formerly known as 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 in which the Company indirectly holds 70% of equity interest
“RMB”	Renminbi, the lawful currency of the PRC
“SEG”	Shenzhen Electronics Group Co., Ltd.* (深圳市賽格集團有限公司), a limited liability company established in the PRC
“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
“SZ Pingshan Project”	the project to be developed by the Group as SZI Intelligent Logistics Hub (Shenzhen Pingshan), further information of which is further set out in the section headed “SZ Pingshan Project” above

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

30 June 2023

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 RMB0.92. 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*