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SHENZHOU INTERNATIONAL GROUP HOLDINGS LIMITED

(申洲國際集團控股有限公司*)

(incorporated in the Cayman Islands with limited liability)

(Stock code: 2313)

VOLUNTARY ANNOUNCEMENT ACQUISITION OF 17.28% EQUITY INTERESTS IN ANHUI HUAMAO

This announcement is made by Shenzhou International Group Holdings Limited (hereinafter referred to as the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform the shareholders and potential investors of the Company of the latest information in relation to the business development of the Company.

THE ACQUISITION

After completion of a public tender process through Anhui Changjiang Equity Exchange (安徽長江產權交易所), the board (the “**Board**”) of the directors (the “**Directors**”) of the Company is pleased to announce that on 7 December 2021, Ningbo Ruiding New Materials Co., Ltd. (寧波瑞鼎新材料有限公司) (“**Ningbo Ruiding**”, as the purchaser), an indirectly wholly-owned subsidiary of the Company, entered into an equity transaction agreement (the “**Equity Transaction Agreement**”) with Anqing City Construction Investment and Development (Group) Company Limited (安慶市城市建設投資發展(集團)有限公司) (“**Anqing City Construction**”, as the vendor) (a limited liability company incorporated in the People’s Republic of China (the “**PRC**”). Pursuant to the Equity Transaction Agreement, Ningbo Ruiding agreed to acquire and Anqing City Construction agreed to sell 17.28% of the equity interests in Anhui Huamao Group Company Limited (安徽華茂集團有限公司) (“**Anhui Huamao**”) with the consideration of RMB480 million (the “**Acquisition**”). Ningbo Ruiding further agreed to acquire 3.77% of the equity interests in Anhui Huamao from another existing shareholder of Anhui Huamao at the same share price after the Acquisition. The consideration for the Acquisition will be funded by internal resources of the Group.

INFORMATION ON ANHUI HUAMAO

Anhui Huamao is a company established in the PRC. As at the date of this announcement, Anhui Huamao holds a 46.40% equity interests in Anhui Huamao Textile Company Limited (安徽華茂紡織股份有限公司) (“**Anhui Huamao Textile**”) which is a company established in the PRC and listed and traded on the Shenzhen Stock Exchange (stock code: 000850). Both Anhui Huamao and Anhui Huamao Textile are principally engaged in textile businesses and Anhui Huamao Textile is one of the yarns suppliers of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

By virtue of the Acquisition, the Group could strategically invest in Anhui Huamao directly holding 46.40% equity interests in Anhui Huamao Textile which is one of the yarns suppliers of the Group. Anhui Huamao Textile is principally engaged in production of yarns and woven fabrics. The Acquisition could enhance the Group’s supply chain security with Anhua Huamao Textile and bring a positive effect to the supply of yarns and woven fabrics to the Group in future.

The Directors consider that the terms of the Equity Transaction Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As of the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Anqing City Construction and its ultimate beneficial owner are third parties independent of the Company and its connected persons. Therefore, the Acquisition does not constitute a connected transaction under the Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). As all of the applicable percentage ratio(s) in respect of the Acquisition are less than 5%, the Acquisition did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

By Order of the Board
Shenzhou International Group Holdings Limited
Ma Jianrong
Chairman

Ningbo, PRC, 8 December 2021

As at the date of this announcement, the five executive directors of the Company are Mr. Ma Jianrong, Mr. Huang Guanlin, Mr. Ma Renhe, Mr. Wang Cunbo and Ms. Chen Zhifen; and the four independent non-executive directors are Mr. Jiang Xianpin, Mr. Zhang Bingsheng, Ms. Liu Chunhong and Mr. Liu Xinggao.

* *for identification purposes only*