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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHTS AND RESUMPTION OF TRADING

The Board is pleased to announce that on 31 May 2022, the Purchaser (a wholly-owned subsidiary of the Company) won the bid for the Land Use Rights for a total consideration of RMB31.41 million and the Acquisition Agreement entered with the Resources Bureau became effective on even date.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the transaction contemplated under the Acquisition Agreement exceed 5% but all are less than 25%, the Acquisition Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

ACQUISITION AGREEMENT

The Board is pleased to announce that on 31 May 2022, the Purchaser (a wholly-owned subsidiary of the Company) won the bid for the Land Use Rights through the bidding invitation, auction and listing process, and the Acquisition Agreement became effective on even date. The principal terms of the Acquisition Agreement are as follows:

Date: 31 May 2022

Parties: the Purchaser; and
the Resources Bureau

Location of the Land: 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)

Total site area: Approximately 20,936.5 square meters

Permitted use of the Land: Industrial use

Term of the Land Use Rights: 50 years from the date when the Resources Bureau transfer the Land Use Rights to the Purchaser

Consideration and payment manner:

The consideration of the Land Use Rights is RMB31.41 million, which shall be settled in cash as follows:

- (i) 20% of the consideration shall be settled within 5 working days from the date of the Acquisition Agreement (inclusive of the security deposit of RMB3.15 million already paid by the Purchaser when it participated the bid of the Land Use Rights; and
- (ii) the remaining 80% of the consideration shall be settled within 30 working days from the date of the Acquisition Agreement.

Basis of consideration:

The consideration of RMB31.41 million is the base bidding price of the Land Use Rights offered by the Resources Bureau. In bidding for the Land Use Rights, the Company has taken into account the base price, current market conditions, location and area of the Land and prices of the lands in the surrounding area.

Performance Bond:

The Purchaser agreed to undertake to construct a factory on the Land, and has to deposit a performance bond in the sum of RMB6.282 million (equivalent to 20% of the consideration) to Fengxian District Park management authority or the relevant governmental department of Fengxian District within 5 working days from the date of the Acquisition Agreement. The performance bond will be refunded to the Purchaser in the following manner:

- (i) 60% of the performance bond (together with the bank interest accrued) will be refunded if the construction work commenced within 6 months from the completion date of the Acquisition Agreement;

- (ii) 20% of the performance bond (together with the bank interest accrued) will be refunded if the construction work is completed within 24 months from the completion date of the Acquisition Agreement; and
- (iii) 20% of the performance bond (together with the bank interest accrued) will be refunded if the factory commences production within 30 months from the completion date of the Acquisition Agreement.

The consideration and the performance bond will be satisfied out of the Group's internal financial resources.

Completion:

The Resources Bureau will transfer the Land Use Rights to the Purchaser within 35 working days from the date of the Acquisition Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE LAND USE RIGHTS

The Group is principally engaged in the distribution of food ingredients and food additives in the PRC.

The Company will construct a food and fodder additives factory on the Land which is in line with the principal business of the Group. The Company considers the acquisition of the Land Use Rights and the construction of the factory thereon 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.

Having taken into account the above factors, the Directors consider that the Acquisition Agreement is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE ACQUISITION AGREEMENT

The Company and the Purchaser

The Group is a distributor in the food industry with a focus on supplying food ingredients and food additives to food manufacturers. The Company acts as an investment holding company. The principal business of the Group is carried out through the Purchaser and its subsidiaries

Resources Bureau

The Resources Bureau is a PRC government authority responsible for, among others, managing the land use right transactions in Fengxian District, Shanghai, the PRC. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the Resources Bureau and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios for the transaction contemplated under the Acquisition Agreement exceed 5% but all are less than 25%, the Acquisition Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under the Listing Rules.

The Company understands that it should have published an announcement as soon as possible in accordance with Rule 14.34 of the Listing Rules as and when it won the bid of the Land Use Rights and thereby the Acquisition Agreement would have become effective. However, the delay was unintentional and inevitable. Due to the strict COVID-19 quarantine measures and lockdown restrictions implemented in Shanghai in recent months, the overall communication efficiency across the city was affected. The Company did not receive the bid winning confirmation on 31 May 2022. As soon as the Board confirmed the winning of the bid, immediate actions were taken to arrange for disclosure of the Acquisition Agreement in accordance with the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 2 June 2022 pending the release of this announcement. Application will be made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange expectedly with effect from 9:00 a.m. on 6 June 2022.

DEFINITIONS

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

“Acquisition Agreement”	the acquisition agreement dated 31 May 2022 between the Purchaser and the Resources Bureau in relation to the acquisition of the Land Use Rights
“Board”	the board of Directors
“Company”	Shineroad International Holdings Limited, a company incorporated in Cayman Islands and the Shares of which are traded on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries
“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)
“Land Use Rights”	the land use rights of the Land
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Shanghai Shineroad Food Ingredients Co., Ltd.* (上海欣融食品原料有限公司), a wholly-owned subsidiary of the Company
“Resources Bureau”	Shanghai Fengxian District Planning and Natural Resources Bureau* (上海市奉賢區規劃和自然資源局)

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Share(s)
“Share(s)”	the share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 2 June 2022

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.

* *For identification purposes only*