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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 INVESTMENT IN THE SHENZHEN CITY PROJECT IN KASHI, XINJIANG**

### **THE TRANSACTION**

The Board is pleased to announce that on 17 January 2013, the Company's indirect wholly-owned subsidiary, 深圳市深廣惠公路開發總公司 (Shenzhen Shen Guang Hui Highway Development Company\*, "SZ SGH Highway"), signed an article of association with ten other companies including 深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited\*, "SIHCL") in relation to the establishment of 喀什深圳城有限公司 (Kashi Shenzhen City Company Limited\*, "Project Company") in respect of the "Shenzhen City" project in Kashi, Xinjiang. Accordingly, SZ SGH Highway will make a capital contribution of RMB50,000,000 (approximately HK\$62,500,000) in cash for the investment in the Project Company, representing approximately 7.58% of the total registered capital of the Project Company.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

As China's gateway to the west, Kashi, Xinjiang is adjacent to eight countries facing the broad markets of Central and Southern Asia with a strong influence on the markets and is advantageous given its geographical location. These provide market base for the Group to explore and develop its municipal and regional logistic business in the surrounding cities and provinces as well as international logistic business in the Central and Western Asian markets. The Directors are of the view that the investment in the "Shenzhen City" project in Kashi can enhance the scale of the Group's assets and its return on investments. The Group is stepping up its efforts to develop and to implement its "integrated logistic hub" business model and as Kashi is one of the important logistics gateway to western China as well as Central and Southern Asia, the investment presents a good opportunity for the Group to develop its integrated logistic hub projects in western China.

## **LISTING RULES IMPLICATIONS**

SIHCL is a connected person (as defined under the Listing Rules) of the Company by virtue of it being the controlling shareholder of the Company. Accordingly, the investment in the Project Company constitutes a connected transaction of the Company.

As the applicable percentage ratios for the investment in the Project Company are more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements under Rule 14A.32(1) of the Listing Rules and exempt from the requirement for approval by the independent shareholders of the Company.

The Board is pleased to announce that on 17 January 2013, the Company's indirect wholly-owned subsidiary, SZ SGH Highway, signed an articles of association with ten other companies including SIHCL in relation to the establishment of the Project Company in respect of the "Shenzhen City" project in Kashi, Xinjiang. Accordingly, SZ SGH Highway will make a capital contribution of RMB50,000,000 (approximately HK\$62,500,000) in cash for the investment in the Project Company.

Further particulars of the Articles of Association are set out below:

**Date of the Articles of Association:** 17 January 2013

**Parties:**

- (1) SY Holdings;
- (2) SIHCL;
- (3) SZ Construction;
- (4) SZ Yuanzhi;
- (5) SZ Duty Free;
- (6) SZ SGH Highway (the Company's indirect wholly-owned subsidiary);
- (7) SZ Capital (the Group holds a 2.33% equity interest);
- (8) SZ Energy;
- (9) SZ Water;
- (10) SZ Tagen; and
- (11) SZ Seg.

SIHCL is the controlling shareholder of the Company holding 48.57% equity interest in the Company as at the date of this announcement, and therefore is a connected person (as defined under the Listing Rules) of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Project Company Shareholders are indirectly owned by Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission (深圳市人民政府國有資產監督管理委員會). Save for the above and the 2.33% equity interest in SZ Capital held by the Group, each of the Project Company Shareholders (other than SIHCL and SZ SGH Highway) is a third party independent of the Group and connected persons of the Group pursuant to Rule 14A.12A(2) of the Listing Rules.

**Total Registered Capital:** The total registered capital of the Project Company is RMB660,000,000 (approximately HK\$825,000,000) and SZ SGH Highway will contribute RMB50,000,000 (approximately HK\$62,500,000) before 28 February 2013, representing approximately 7.58% of the total registered capital.

The total registered capital was determined after arm's length negotiation between the Project Company Shareholders with reference to the expected capital requirements of the Project Company in connection with the proposed development of the "Shenzhen City" project in Kashi, Xinjiang.

If any Project Company Shareholder fails to make the respective capital contribution as agreed pursuant to the Articles of Association, it will be in breach of the Articles of Association.

The Project Company Shareholders may transfer their respective capital contribution to the Project Company in accordance with applicable laws to any party subject to the consent of a simple majority of the Project Company Shareholders.

**Board Composition and Management:** The board of directors of the Project Company will comprise nine directors, two of which will be nominated by SY Holdings, six of which will be nominated by each of SIHCL, SZ Construction, SZ Yuanzhi, SZ Duty Free, SZ Capital and SZ SGH Highway and one of which will be nominated by the employees of the Project Company.

**Scope of Operation of Project Company:** Development of urban infrastructure and supporting facilities (including the development of primary land (一級土地) other than those which are legally restricted), real estate development and management, sale of commercial property, property management, investment and related asset management.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as providing various value-added logistic services to customers leveraging its infrastructure facilities.

As China's gateway to the west, Kashi, Xinjiang is adjacent to eight countries facing the broad markets of Central and Southern Asia with a strong influence on the markets and is advantageous given its geographical location. These provide market base for the Group to explore and develop its municipal and regional logistic business in the surrounding cities and provinces as well as international logistic business in the Central and Western Asian markets. Kashi was formally established as a special economic zone by the central government in May 2010 and benefits from special subsidies and favourable policies. Preferential policies from the Kashi government including taxation and land use are expected to apply to the Project Company and would reduce the risk associated with such investment. Based on the above factors, the Directors are of the view that the investment in the "Shenzhen City" project in Kashi can enhance the scale of the Group's assets and its return on investments. The Group is stepping up its efforts to develop and to implement its "integrated logistic hub" business model and as Kashi is one of the important logistics gateway to western China as well as Central and Southern Asia, the investment presents a good opportunity for the Group to develop its integrated logistic hub projects in western China.

The Directors (including the independent non-executive Directors) are of the view that the Articles of Association were negotiated on an arm's length basis between the parties involved, the investment in the Project Company is fair and reasonable and are in the interest of the Company and its shareholders as a whole. No Director has a material interest in the Transaction.

## **GENERAL**

SIHCL is principally engaged in property rights management, capital operation, investment and financing business.

SZ SGH Highway is a company incorporated in the PRC and is principally engaged in investment holding.

SY Holdings is principally engaged in real estate and infrastructure projects. It is also involved in businesses including logistics, transportation, finance and advanced technology agriculture.

SZ Construction is principally engaged in comprehensive development in logistic parks, major urban infrastructure construction, urban renewal, related commercial development and investment in emerging industries.

SZ Yuanzhi is principally engaged in capital investment, securities investment and related asset management.

SZ Duty Free is principally engaged in operation of retail shops of duty-free products at the Shenzhen border.

SZ Capital is principally engaged in venture capital investment and related value-added and funds management.

SZ Energy is principally engaged in the development, production and sale of various types of conventional energy (including electricity, heat, coal, oil and gas) and new energy; design, construction, management and operation of various types of energy engineering projects.

SZ Water is a large integrated water service provider principally engaged in the production of water, sewerage treatment and disposal, operation and investment of water, and the design and construction of water facilities.

SZ Tagen is principally engaged in construction of large scale municipal works and infrastructure, real estate development and commercial operations.

SZ Seg is principally engaged in the manufacture and sale of electronic products, electronic professional market operations, commercial real estate operations and property management.

## LISTING RULES IMPLICATIONS

SIHCL is a connected person (as defined under the Listing Rules) of the Company by virtue of it being the controlling shareholder of the Company holding 48.57% equity interest in the Company as at the date of this announcement. Accordingly, the Transaction constitutes a connected transaction of the Company.

As the applicable percentage ratios for the investment in the Project Company are more than 0.1% but less than 5%, the Transaction is only subject to the reporting and announcement requirements under Rule 14A.32(1) of the Listing Rules and exempt from the requirement for approval by the independent shareholders of the Company.

## DEFINITIONS

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

<b>“Articles of Association”</b>	the articles of association of the Project Company signed by the Project Company Shareholders on 17 January 2013
<b>“Board”</b>	the Board of Directors of the Company
<b>“China” or “PRC”</b>	the People’s Republic of China
<b>“Company”</b>	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the main board of the Stock Exchange
<b>“Contribution”</b>	RMB50,000,000 (approximately HK\$62,500,000), the total contribution payable by SZ SGH Highway for the investment in the Project Company pursuant to the Articles of Association
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Stock Exchange
<b>“Project Company”</b>	喀什深圳城有限公司 (Kashi Shenzhen City Company Limited*), a company to be incorporated by the Project Company Shareholders in connection with the Articles of Association

<b>“Project Company Shareholders”</b>	SY Holdings, SIHCL, SZ Construction, SZ Yuanzhi, SZ Duty Free, SZ SGH Highway, SZ Capital, SZ Energy, SZ Water, SZ Tagen and SZ Seg
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SIHCL”</b>	深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited*), a company incorporated in the PRC with limited liability and the controlling shareholder of the Company holding 48.57% equity interest in the Company as at the date of this announcement
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“SY Holdings”</b>	深業集團有限公司 (Shum Yip Holdings Company Limited*), a company incorporated in the PRC with limited liability
<b>“SZ Capital”</b>	深圳市創新投資集團有限公司 (Shenzhen Capital Group Co., Ltd.*), a company incorporated in the PRC with limited liability and a 2.33% equity interest in which is held by the Group
<b>“SZ Construction”</b>	深圳市特區建設發展集團有限公司 (Shenzhen Special Economic Zone Construction and Development Company Limited*), a company incorporated in the PRC with limited liability
<b>“SZ Duty Free”</b>	深圳市國有免稅商品（集團）有限公司 (Shenzhen National Duty Free Products (Group) Company Limited*), a company incorporated in the PRC with limited liability
<b>“SZ Energy”</b>	深圳市能源集團有限公司 (Shenzhen Energy Company Limited*), a company incorporated in the PRC with limited liability
<b>“SZ Seg”</b>	深圳賽格股份有限公司 (Shenzhen Seg Co., Ltd.*), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange
<b>“SZ SGH Highway”</b>	深圳市深廣惠公路開發總公司 (Shenzhen Shen Guang Hui Highway Development Company*), a company incorporated in China and an indirect wholly-owned subsidiary of the Company
<b>“SZ Tagen”</b>	深圳市天健（集團）股份有限公司 (Shenzhen Tagen Group Co., Ltd.*), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange
<b>“SZ Water”</b>	深圳市水務（集團）有限公司 (Shenzhen Water (Group) Co., Ltd.*), a company incorporated in the PRC with limited liability

**“SZ Yuanzhi”** 深圳市遠致投資有限公司 (Shenzhen Yuanzhi Investment Co., Ltd.\*), a company incorporated in the PRC with limited liability

**“Transaction”** the investment in the Project Company pursuant to the Articles of Association

\* *For identification purposes only.*

*In this announcement, the conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00=RMB0.80. Such conversions should not be construed as a representation that the relevant currency could actually be converted into HK\$ at that rate or at all.*

By Order of the Board  
**Shenzhen International Holdings Limited**  
**Gao Lei**  
*Chairman*

Hong Kong, 17 January 2013

*As at the date of this announcement, the Board consists of Messrs. Gao Lei, Li Jing Qi, Li Lu Ning, Liu Jun and Yang Hai as executive directors, Professor Wong Yuk Shan, BBS, JP as non-executive director and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive directors.*