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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)

VOLUNTARY ANNOUNCEMENT
UPDATES ON THE PROGRESS OF THE QIANHAI PROJECT
– ENTERING INTO OF A SUPPLEMENTAL AGREEMENT OF
THE LAND CONSOLIDATION AND PREPARATION
FRAMEWORK AGREEMENT

The Group entered into a supplemental agreement on 13 October 2017 with Shenzhen UPLRC and the Qianhai Authority relating to the land consolidation and preparation of all five land parcels with an aggregate site area of approximately 380,000 square metres in Qianhai owned by the Group in respect of the following principal matters.

1. **The benchmark date for assessing the land values** shall be 1 January 2015, which shall also be the commencement date of the term of land use under the new land use arrangements. The term of land use shall be the maximum term of years permissible under national regulations.
2. **Entitlements to the assessed land values**
 - the land value in relation to the previous land use arrangements assessed by reference to the above benchmark date shall be attributed to the Group in full.
 - the remaining balance of the assessed land value under the new land use arrangements in excess of such assessed land value of the previous land use arrangements by reference to the above benchmark date shall be shared as to 60% to the Qianhai Authority and 40% to the Group, after deduction of 5% of Land Appreciation Gains as fixed costs pursuant to governmental policy requirements.

In accordance with the principles set out in the Supplemental Agreement, upon finalisation of the land value assessments under the new and previous land use arrangements conducted by the relevant parties to the Supplemental Agreement, the Group will receive compensation by obtaining of land sites in Qianhai under the new land use arrangements by way of land swap in equivalent values (based on value assessment as at 1 January 2015). The Group will actively liaise with Shenzhen UPLRC and the Qianhai Authority to procure the completion of the land value assessments as soon as practicable.

Shenzhen International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that, in order to further refine the land consolidation and preparation plan of all five land parcels with an aggregate site area of approximately 380,000 square metres in Qianhai wholly-owned by the Group (the “**Group’s Qianhai Project**”), Shenzhen International West Logistics Co., Ltd (深圳市深國際西部物流有限公司) (“**West Logistics**”), a wholly-owned subsidiary of the Company, and the Urban Planning Land and Resources Commission of the Shenzhen Municipality (深圳市規劃和國土資源委員會) (“**Shenzhen UPLRC**”) and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen (深圳市前海深港現代服務業合作區管理局) (the “**Qianhai Authority**”) entered into a supplemental agreement to the land consolidation and preparation framework agreement (the “**Supplemental Agreement**”) on 13 October 2017 in respect of the Group’s Qianhai Project to agree on further specific details of the land consolidation and preparation plan of the Group’s Qianhai Project.

Background

Based on the “Overall Development Plan for Shenzhen-Hong Kong Cooperation on Modern Service Industry in Qianhai Area” (《前海深港現代服務業合作區總體發展規劃》) as approved by the State Council in 2010, the Shenzhen Municipal Government officially implemented the “Consolidated Plan on Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone” (前海深港現代服務業合作區綜合規劃) (the “**Consolidated Plan**”) in June 2013, whereby the Qianhai area will be developed into a new international region focusing on the development of financial, modern logistics, information service and technology service industries. According to the Consolidated Plan, sites currently designated for industrial or storage use (that is, under the previous land use arrangements) will be converted into commercial, office and residential uses (that is, under the new land use arrangements). The Group’s Qianhai Project is within the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. The Group has been closely monitoring the progress of development of the Qianhai area, and maintaining sound communications with Shenzhen UPLRC and the Qianhai Authority to strive for the implementation of land consolidation and preparation of the Group’s Qianhai Project.

Reference is made to (1) the land consolidation and preparation framework agreement entered into between West Logistics, Shenzhen UPLRC and the Qianhai Authority on 30 September 2015, further details of which are set out in the voluntary announcement of the Company dated 5 October 2015; and (2) the announcement of the Company dated 2 December 2016 whereby the Company announced that West Logistics has entered into an agreement with the Qianhai Authority to terminate the previous land use right agreement in respect of Land Parcel No. T102-0069, and three of the Company’s wholly-owned subsidiaries have also entered into new land use rights agreements on 2 December 2016 with the Qianhai Authority respectively in respect of the profit-oriented land site with an area of approximately 38,800 square metres at Qianhai Shenzhen-Hong Kong Cooperation Zone (前海深港合作區) (the “**First Phase of Qianhai Project**”) in Qianhai, to formalise the Group’s title to the respective land use rights of such land parcels. The land use of such land parcels has been changed from solely logistics warehousing to integrated land use comprising primarily office buildings complemented by high-end commercial and residential space. The gross floor area of the First Phase of Qianhai Project is approximately 100,000 square metres.

Supplemental agreement to the land consolidation and preparation framework agreement

Pursuant to the Supplemental Agreement, the parties agree to carry out compensation for land consolidation and preparation by way of land swap in equivalent values, and compensation in relation to consolidation and preparation of the land parcels owned by the Group in Qianhai shall be conducted in accordance with the following major principles:

1. The benchmark date for assessing the land values

In respect of the land consolidation and preparation, the benchmark date of assessment of the value of the land under the previous and new land use arrangements shall be 1 January 2015, which shall also be the commencement date of the term of land use in respect of the land swap. The term of land use shall be the maximum term of years permissible under national regulations.

2. The assessed land value

The land value in relation to the previous land use arrangements shall be the mean of the value arrived at in the assessment jointly commissioned by Shenzhen UPLRC and the Qianhai Authority and the value arrived at in the assessment commissioned by the Group. The value thus ascertained shall be attributed to the Group in full.

The land value under the new land use arrangements shall be the value arrived at in the assessment jointly commissioned by Shenzhen UPLRC and the Qianhai Authority. The remaining balance of the assessed land value under the new land use arrangements in excess of such assessed land value of the previous land use arrangements by reference to the above benchmark date (the “**Land Appreciation Gain**”) shall be shared between the Qianhai Authority and the Group.

3. The principle for the sharing of Land Appreciation Gain

The Qianhai Authority and the Group shall be entitled to 60% and 40%, respectively, of the Land Appreciation Gain within the scope of land consolidation and preparation after deduction of 5% of the Land Appreciation Gain as fixed costs pursuant to governmental policy requirements.

Prior to allocating the Land Appreciation Gain, 5% of the Land Appreciation Gain should be set aside as fixed costs under policy requirements. If further payments are required in the future as a result of policy changes or otherwise, 40% of such expenses shall be borne by the Group.

The parties agree that, under the new land use arrangements, the value of compensation determined in accordance with the aforesaid principles shall be fulfilled by the swap of land use rights in equivalent values with the Group. The Supplemental Agreement specifically provides that the benchmark date for ascertaining land value for the land use rights to be swapped with the Group under the new land use arrangements shall be on 1 January 2015.

In accordance with the principles set out in the Supplemental Agreement, upon finalisation of the land value assessments under the new and previous land use arrangements conducted by the relevant parties to the Supplemental Agreement, the Group will receive compensation by obtaining of land sites in Qianhai under the new land use arrangements by way of land swap in equivalent values (based on value assessment as at 1 January 2015). The Group will actively liaise with Shenzhen UPLRC and the Qianhai Authority to procure the completion of the land valuation assessments as soon as practicable.

The entering into of the Supplemental Agreement represents solid progress for the Group's Qianhai Project and will facilitate the land consolidation and preparation of the five land parcels with an aggregate site area of approximately 380,000 square metres in Qianhai owned by the Group and the execution of related land contracts. It will drive the implementation and development of industrial businesses under the Group's Qianhai Project. While the land price in Qianhai area has increased since 1 January 2015, it is expected that considerable Land Appreciation Gain and business development income will be generated for the Group through the Group's Qianhai Project.

In the event that the Group's Qianhai Project and the transactions contemplated thereunder constitute notifiable transactions of the Company, the Company will issue further announcements in respect of any proposed transactions as and when appropriate.

By Order of the Board
Shenzhen International Holdings Limited
Tam Mei Mei
Company Secretary

Hong Kong, 13 October 2017

As at the date of this announcement, the board of directors of the Company consists of Messrs. Gao Lei, Li Hai Tao, Zhong Shan Qun, Liu Jun and Hu Wei as executive directors, Messrs. Xie Chu Dao and Liu Xiao Dong as non-executive directors and Messrs. Leung Ming Yuen, Simon, Ding Xun, Nip Yun Wing and Dr. Yim Fung, JP as independent non-executive directors.