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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)

**DISCLOSEABLE TRANSACTION -
ENTERING INTO OF THE CAPITAL INJECTION AGREEMENT
IN RELATION TO
INTRODUCTION OF A STRATEGIC INVESTOR INTO
SHENZHEN INTERNATIONAL UNITED LAND CO., LTD.**

CAPITAL INJECTION AGREEMENT

The Company is pleased to announce that, on 28 September 2018, XTC Company, SZ Expressway, United Land Company and China Vanke entered into the Capital Injection Agreement, pursuant to which, XTC Company and SZ Expressway conditionally agreed to the Capital Injection of RMB2,900 million (equivalent to approximately HK\$3,333 million) by China Vanke into United Land Company. Upon completion of the Capital Injection, XTC Company, SZ Expressway and China Vanke will hold 35.7%, 34.3% and 30% equity interest in United Land Company respectively. United Land Company will remain as a subsidiary of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INJECTION AGREEMENT

The fair value of the properties to be constructed under the Meilin Checkpoint Urban Renewal Project is expected to be over RMB10 billion, therefore the operation and management of the project is expected to have a positive impact on the financial and operational performance of the Group. The Board believes that the introduction of China Vanke, being a professional real estate developer, as the strategic investor of United Land Company by way of capital injection will further enhance the Group's confidence in developing large-scale comprehensive property projects, quality of project management and overall return on the project.

LISTING RULES IMPLICATIONS

Following completion of the Capital Injection, 30% equity interest of United Land Company will be held by China Vanke, and the equity interest held by XTC Company and SZ Expressway, which are both subsidiaries of the Company, will be diluted from 51% and 49% to 35.7% and 34.3% respectively. Therefore the Capital Injection under the Capital Injection Agreement constitutes a deemed disposal of the Group's equity interest in United Land Company pursuant to Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Capital Injection is greater than 5% but less than 25%, the Capital Injection constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules, and is subject to reporting and announcement requirements under the Listing Rules.

INTRODUCTION

Reference is made to the joint announcement of the Company and SZ Expressway (a subsidiary of the Company held as to approximately 52%) dated 25 July 2018 in relation to (among other things) the proposed introduction of a professional real estate developer as a strategic investor into United Land Company (which holds the land use rights of the land parcels of the Meilin Checkpoint Urban Renewal Project of the Group and is engaged in developing the project) through public tender and competitive negotiations at Shenzhen United Property and Share Rights Exchange (深圳聯合產權交易所). Upon completion, the strategic investor will hold 30% equity interest in United Land Company, and will jointly develop the Meilin Checkpoint Urban Renewal Project with the Group.

The procedures of public tender and competitive negotiations have already been completed.

The Company is pleased to announce that, on 28 September 2018, XTC Company, SZ Expressway, United Land Company and China Vanke entered into the Capital Injection Agreement, pursuant to which, XTC Company and SZ Expressway conditionally agreed to the Capital Injection of RMB2,900 million (equivalent to approximately HK\$3,333 million) by China Vanke into United Land Company. Upon completion of the Capital Injection, XTC Company, SZ Expressway and China Vanke will hold 35.7%, 34.3% and 30% equity interest in United Land Company respectively. United Land Company will remain as a subsidiary of the Company.

CAPITAL INJECTION AGREEMENT

The principal terms of the Capital Injection Agreement are set out as follows:

Date: 28 September 2018

Parties:

- (a) XTC Company (an indirect wholly-owned subsidiary of the Company);
- (b) SZ Expressway (a subsidiary of the Company held as to approximately 52%);
- (c) China Vanke; and
- (d) United Land Company (owned as to 51% and 49% by XTC Company and SZ Expressway respectively as at the date of this announcement)

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, China Vanke and its substantial shareholders are Independent Third Parties.

Capital Injection: As at the date of this announcement, the registered capital of United Land Company is RMB500,000,000 (equivalent to approximately HK\$574,712,644), and United Land Company is held as to 51% and 49% by XTC Company and SZ Expressway respectively.

China Vanke has through public tender at Shenzhen United Property and Share Rights Exchange (深圳聯合產權交易所) successfully bid for injecting capital into United Land Company at the price of RMB13.53 per RMB1.00 registered capital of United Land Company. Subject to the Capital Injection Agreement becoming effective, China Vanke will make the Capital Injection in the amount of RMB2,900 million (equivalent to approximately HK\$3,333 million), of which RMB214,285,714.29 (equivalent to approximately HK\$246,305,419) will be included in the registered capital of United Land Company and the remaining amount will be included in the capital reserve (資本公積) of United Land Company.

The Capital Injection Amount shall be used in priority for repayment of shareholders loan owed by United Land Company to XTC Company and SZ Expressway.

Upon completion of the Capital Injection, the registered capital of United Land Company will be increased from RMB500,000,000 (equivalent to approximately HK\$574,712,644) to RMB714,285,714.29 (equivalent to approximately HK\$821,018,062). XTC Company, SZ Expressway and China Vanke will hold 35.7%, 34.3% and 30% equity interest in United Land Company respectively. United Land Company will remain as a subsidiary of the Company.

Condition precedent to the Capital Injection Agreement:	<p>The Capital Injection and the Capital Injection Agreement shall become effective on the date when the Capital Injection has been approved by SZ Expressway at its general meeting.</p> <p>If the Capital Injection Agreement and the Capital Injection are not approved by SZ Expressway at its general meeting, the parties agree to rescind the Capital Injection Agreement.</p>
Payment of the Capital Injection Amount:	<p>China Vanke shall pay the Capital Injection Amount by cash to a bank account of United Land Company within 5 business days upon the Capital Injection Agreement becoming effective.</p>
Basis of the Capital Injection Amount and the successful bidder:	<p>The Group conducted public tender at Shenzhen United Property and Share Rights Exchange (深圳聯合產權交易所) on 27 July 2018 for the purpose of introducing a professional real estate developer as a strategic investor into United Land Company. The minimum tender price of the public tender is RMB2,900 million (equivalent to approximately HK\$3,333 million), which is determined with reference to the valuation conducted by the Independent Valuer of the entire shareholders' equity interest of United Land Company as of 30 April 2018, being approximately RMB6,740 million (equivalent to approximately HK\$7,747 million), based on the asset-based approach. Subsequently, the Group selected the successful bidder (i.e. China Vanke) by way of competitive negotiation, by assessing, among other things, the consolidated capability, development and operation ability, operation proposal and intended capital injection amount of the bidders.</p>

Board composition: The board of United Land Company will comprise seven directors, of which three will be appointed by XTC Company, two will be appointed by SZ Expressway and two will be appointed by China Vanke. The chairman of the board shall be elected by the board of United Land Company among the directors nominated by XTC Company.

Others: China Vanke agrees that the two office and commercial properties and car parks owned by United Land Company are to be self-operated, and the business apartments (公寓物業) owned by United Land Company shall principally not be sold in a strata-titled manner.

FINANCIAL EFFECT TO THE GROUP

Upon completion of the Capital Injection, the aggregate ownership of equity interest in United Land Company by XTC Company and SZ Expressway will be diluted from 100% to 70%. United Land Company will remain as a subsidiary of the Company, and its financial results will continue to be consolidated by the Group.

It is expected that the net assets of the Group will increase by approximately RMB2,900 million (equivalent to approximately HK\$3,333 million) upon completion of the Capital Injection, and it will not have any significant financial impact to the consolidated income statement of the Group.

INFORMATION ON UNITED LAND COMPANY AND MEILIN CHECKPOINT URBAN RENEWAL PROJECT

United Land Company was established under the laws of the PRC with limited liability. As at the date of this announcement, it is held as to 51% and 49% by XTC Company and SZ Expressway respectively. No revenue or profits have been generated by United Land Company since its incorporation and as at 30 June 2018, the unaudited net asset value of United Land Company was approximately RMB490 million (equivalent to approximately HK\$563 million).

United Land Company holds the land use rights of the land parcels of the Meilin Checkpoint Urban Renewal Project of the Group and is engaged in developing the project.

The Meilin Checkpoint Urban Renewal Project is adjacent to the Futian District in downtown Shenzhen, and is a functional development area in the city center and a key development zone of the city. It is situated at a geographically advantageous location with good investment value and appreciation potential. The Meilin Checkpoint land parcels have been re-designated as a comprehensive development project with a total gross floor area of approximately 486,000 square meters, comprising properties for residential, commercial, office, business apartment and public ancillary uses.

The Meilin Checkpoint Urban Renewal Project is to be developed in three phases. The preliminary works of the project have been basically completed, and China Vanke has been engaged as the entrusted construction management entity for the project. The project is currently under construction, and it is targeted to commence sales by 2019.

INFORMATION ON THE GROUP AND SZ EXPRESSWAY

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 and information services platform.

SZ Expressway and its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities. SZ Expressway is a subsidiary of the Company held as to approximately 52%.

INFORMATION ON CHINA VANKE

China Vanke is a real estate company headquartered in Shenzhen. The shares of China Vanke are listed and traded on the Main Board of the Stock Exchange (Stock Code: 2202) and on the Shenzhen Stock Exchange. China Vanke and its subsidiaries are principally engaged in the businesses of development of residential properties, as well as other retail and industrial properties for urban auxiliary purposes.

In October 2017, the Group introduced China Vanke as the entrusted construction management entity by way of public tender for providing entrusted construction management services in relation to the development of the Meilin Checkpoint Urban Renewal Project, and be responsible for coordinating and managing the development of the Meilin Checkpoint Urban Renewal Project.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INJECTION AGREEMENT

The fair value of the properties to be constructed under the Meilin Checkpoint Urban Renewal Project is expected to be over RMB10 billion, therefore the operation and management of the project is expected to have a positive impact on the financial and operational performance of the Group. The Board believes that the introduction of China Vanke, being a professional real estate developer, as the strategic investor of United Land Company by way of capital injection will further enhance the Group's confidence in developing large-scale comprehensive property projects, quality of project management and overall return on the project.

The Board believes that the terms of the Capital Injection Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULE IMPLICATIONS

Following completion of the Capital Injection, 30% equity interest of United Land Company will be owned by China Vanke, and the equity interest held by XTC Company and SZ Expressway, which are both subsidiaries of the Company, will be diluted from 51% and 49% to 35.7% and 34.3% respectively. Therefore the Capital Injection under the Capital Injection Agreement constitutes a deemed disposal of the Group's equity interest in United Land Company pursuant to Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Capital Injection is greater than 5% but less than 25%, the Capital Injection constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules, and is subject to reporting and announcement requirements under the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Capital Injection”	injection of the Capital Injection Amount into United Land Company by China Vanke for subscription of 30% equity interest
“Capital Injection Amount”	the amount of capital to be injected into United Land Company by China Vanke, i.e. RMB2,900 million (equivalent to approximately HK\$3,333 million)
“Capital Injection Agreement”	the agreement dated 28 September 2018 entered into between XTC Company, SZ Expressway, United Land Company and China Vanke in relation to the Capital Injection
“China Vanke”	China Vanke Co., Ltd. (萬科企業股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shenzhen Stock Exchange
“Company”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	individual or company independent from the Company and its connected persons (as defined in the Listing Rules)
“Independent Valuer”	Shenzhen Pengxin Appraisal Limited, an asset valuer registered in the PRC and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“SZ Expressway”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“United Land Company”	Shenzhen International United Land Co., Ltd. (深圳市深國際聯合置地有限公司), a limited liability company incorporated in the PRC and an indirect subsidiary of the Company
“XTC Company”	Xin Tong Chan Development (Shenzhen) Co., Ltd. (新通產實業開發(深圳)有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company

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

Hong Kong, 28 September 2018

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. Ding Xun, Nip Yun Wing, Dr. Yim Fung, JP and Professor Cheng Tai Chiu, Edwin as independent non-executive directors.

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.87. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts in RMB or HK\$ were or may have been exchanged at this or any other rates or at all.