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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
AND
CONTINUING CONNECTED TRANSACTION
LOAN AGREEMENT**

THE CHINA VANKE LOAN AGREEMENT

On 25 July 2019, loan agreements were entered into between United Land Company (as lender) and its shareholders, being XTC Company (a wholly-owned subsidiary of the Company), SZ Expressway (a subsidiary of the Company) and China Vanke respectively, pursuant to which United Land Company as lender agreed to advance loans on a revolving basis to each of XTC Company, SZ Expressway and China Vanke pro rata to their shareholdings in United Land Company with an aggregate principal amount of not more than RMB6,000 million (approximately HK\$6,818 million).

As China Vanke holds 30% equity interest in United Land Company, the maximum principal amount of the loan pursuant to the China Vanke Loan Agreement is RMB1,800 million (approximately HK\$2,045 million). The loan agreements entered into by United Land Company with XTC Company and SZ Expressway (which together hold 70% equity interest in United Land Company) respectively were on identical terms (save for the identity of the borrower and principal amounts involved, which would be proportionate to the shareholding of the borrower in United Land Company) with the China Vanke Loan Agreement.

As at the date of this announcement, United Land Company is owned as to 35.7%, 34.3% and 30% by XTC Company, SZ Expressway and China Vanke respectively.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratio(s) in respect of the transactions contemplated under the China Vanke Loan Agreement is greater than 5% but less than 25%, the transactions contemplated under the China Vanke Loan Agreement constitute 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.

As China Vanke is interested in 30% of the equity interest in United Land Company, China Vanke is a substantial shareholder of United Land Company and thus a connected person at the subsidiary level of the Company. Therefore, the transactions contemplated under the China Vanke Loan Agreement constitute continuing connected transaction of the Company under the Listing Rules. As the Board has approved the China Vanke Loans and given the independent non-executive Directors are of the view that the terms of the China Vanke Loan Agreement are fair and reasonable, on normal commercial terms and entered into in the interest of the Company and the shareholders of the Company as a whole, the entering into of the China Vanke Loan Agreement is subject to reporting and announcement requirements, but exempt from circular, independent financial adviser and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

BACKGROUND

In order to facilitate the utilization of idle cash held by United Land Company (the Group's non-wholly owned subsidiary which holds and develops the Meilin Checkpoint Urban Renewal Project, the first phase of which is undergoing pre-sales), United Land Company has decided from time to time to advance such idle cash to its shareholders pro rata to their shareholding by way of loan.

As China Vanke holds 30% equity interest in United Land Company, they have entered into the China Vanke Loan Agreement described below to effect such advance to China Vanke. On the same day, two subsidiaries of the Company, XTC Company and SZ Expressway, that together hold 70% equity interest in United Land Company also entered into loan agreements with United Land Company on identical terms (save for the identity of the borrower and principal amounts involved, which would be proportionate to the shareholding of the borrower in United Land Company).

THE CHINA VANKE LOAN AGREEMENT

The principal terms of the China Vanke Loan Agreement are set out below:

- Date: 25 July 2019
- Parties: (1) United Land Company, a non-wholly owned subsidiary of the Company, as lender; and
(2) China Vanke as borrower.
- Availability period: Three years from the date of the China Vanke Loan Agreement
- Aggregate loan principal amount: Not more than RMB1,800 million (approximately HK\$2,045 million) in principal amount. The principal amount of the loans to be provided to China Vanke by United Land Company (as a percentage of the total amount advanced to all shareholders of United Land Company) would be pro rata to China Vanke's shareholding in United Land Company.

Interest rate: Initial interest rate is 3.65% per annum, which may be adjusted not more frequently than annually if agreed by United Land Company and all its shareholders with reference to the lowest interest rate that can be obtained by the shareholders of United Land Company in the domestic capital market and debt market in the immediately preceding 3 years, including the interest rate for debt instruments publicly issued by the shareholders and bank loans.

The initial interest rate has been determined on the same basis after balancing (i) the benefit of interest income from China Vanke to United Land Company; (ii) the benefit of lower interest costs of the Group given that two subsidiaries of the Company, being shareholders of United Land Company, are receiving advances from United Land Company on the same terms; and (iii) the income tax liabilities to United Land Company (which is a subsidiary of the Company) in respect of such additional interest income.

If the interest rate in respect of the loan between United Land Company and any of its shareholders is adjusted, the interest rate in respect of the loans with other shareholders will be adjusted correspondingly.

Repayment: Interest will be payable once a year.

The outstanding principal and accrued but unpaid interest shall be reduced by way of set off on a dollar for dollar basis against payment obligations of United Land Company for any dividends declared and payable by it.

At the expiration of three years from the date of China Vanke Loan Agreement, China Vanke shall repay the outstanding principal and accrued but unpaid interest.

United Land Company is entitled to request early repayment upon serving 30 business days' prior written notice to China Vanke. China Vanke shall repay such portion of the loans pro rata to its shareholding. If China Vanke fails to repay the relevant China Vanke Loans on time, it shall pay to United Land Company 18% interest per annum on the outstanding principal amount of the China Vanke Loans, until the relevant China Vanke Loans are repaid.

Re-borrowing: China Vanke may during the 3-year availability period re-borrow in whole or in part the China Vanke Loans which were repaid.

Consistency between the loan agreements: The terms under China Vanke Loan Agreement shall be consistent with the loan agreements between United Land Company and other shareholders. If any of the terms under the loan agreement between United Land Company and a shareholder is amended, the relevant term in the loan agreements with other shareholders will be amended correspondingly.

ANNUAL CAP AND BASIS OF DETERMINATION

The annual cap in connection with the China Vanke Loan Agreement are set at RMB1,900 million (approximately HK\$2,159 million) for each of the following period: (a) from 25 July 2019 (date of the China Vanke Loan Agreement) to 31 December 2019; (b) from 1 January 2020 to 31 December 2020; (c) from 1 January 2021 to 31 December 2021; and (d) from 1 January 2022 to 24 July 2022 (expiry date of the China Vanke Loan Agreement).

The annual cap for the China Vanke Loans are determined based on the maximum aggregate principal amount of RMB1,800 million (approximately HK\$2,045 million) and interest payable on the China Vanke Loans, and which is in turn based on the maximum amount of idle cash that may be held by United Land Company assuming residential properties of all phases and commercial properties of phases one and two of the Meilin Checkpoint Urban Renewal Project will be sold out and taking into account the financial and operational needs of United Land Company during the availability period.

At any time the amount of China Vanke Loans to be advanced to China Vanke by United Land Company will be determined with reference to the amount of idle cash of United Land Company at the relevant time and the shareholding then held by China Vanke in United Land Company.

INFORMATION OF UNITED LAND COMPANY AND CHINA VANKE

United Land Company

United Land Company is a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of the Company. United Land Company holds the land use rights of the land parcels of the Meilin Checkpoint Urban Renewal Project and is engaged in developing the project.

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. It became a strategic investor in 30% equity interest in United Land Company in November 2018.

REASONS FOR AND BENEFIT OF ENTERING INTO THE CHINA VANKE LOAN AGREEMENT

The Group is principally engaged in logistics and toll road business. The Group carried out the investment, construction and operation of logistic infrastructure facilities through expansion, mergers and acquisitions, restructuring and consolidation, and provided various value-added logistic services to customers. The Group has established an industrial structure with modern logistic and toll road business as its core. Meanwhile, the Group expanded the scope of business to a number of market segments including comprehensive development of land related to the logistics industry, and investment in and managing operations in the environmental protection industry.

United Land Company holds the land use rights of and is the developer for the land parcels of the Meilin Checkpoint Urban Renewal Project. The Meilin Checkpoint Urban Renewal Project will be developed and constructed in three phases, with pre-sales of the first phase of the project having commenced in December 2018, which is in line with the expectation of the Group. In line with market practice, United Land Company proposes to distribute idle cash held to its shareholders and to do so by way of loan advances in principal amounts that are pro rata to their shareholdings (i.e. 70% to the Group and 30% to China Vanke) for a term of 3 years pursuant to the loan agreements.

In order to ensure that United Land Company can maintain liquidity and be able to continue business development and take up suitable investment opportunities, the loan agreements provide for its power to require early repayment from shareholders. Accordingly, the entering into of the China Vanke Loan Agreement allows the Group to enjoy (i) additional interest income from China Vanke on the portion of idle cash advanced under the China Vanke Loan Agreement and (ii) use of the idle cash on the portion of idle cash that would be advanced to members of the Group on the same terms, without adversely affecting United Land Company's liquidity and financial performance as a result.

Although the provision of China Vanke Loans is not in the ordinary course of business of the Group, based on the above considerations, the Directors (including the independent non-executive Directors) are of the view that the terms of the China Vanke Loan Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and the shareholders of the Company as a whole.

None of the Directors has material interest in the transactions contemplated under the China Vanke Loan Agreement and none of them has abstained from voting on the relevant resolutions proposed at the Board meeting.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratio(s) in respect of the transactions contemplated under the China Vanke Loan Agreement is greater than 5% but less than 25%, the transactions contemplated under the China Vanke Loan Agreement constitute 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.

As China Vanke is interested in 30% of the equity interest in United Land Company, China Vanke is a substantial shareholder of United Land Company and thus a connected person at the subsidiary level of the Company. Therefore, the transactions contemplated under the China Vanke Loan Agreement constitute continuing connected transaction of the Company under the Listing Rules. As the Board has approved the China Vanke Loans and given the independent non-executive Directors are of the view that the terms of the China Vanke Loan Agreement are fair and reasonable, on normal commercial terms and entered into in the interest of the Company and the shareholders of the Company as a whole, the entering into of the China Vanke Loan Agreement is subject to reporting and announcement requirements, but exempt from circular, independent financial adviser and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings when used herein:

“Board”	the board of Directors
“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
“China Vanke Loan Agreement”	the loan agreement dated 25 July 2019 entered into between United Land Company as lender and China Vanke as borrower in respect of the China Vanke Loans
“China Vanke Loans”	the loan to be advanced by United Land Company to China Vanke under the China Vanke Loan Agreement, the maximum principal amount is RMB1,800 million (approximately HK\$2,045 million)
“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)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meilin Checkpoint Urban Renewal Project”	the construction project of the Group, which is comprehensive development under the urban renewal policy and located in Minzhi Street, Longhua New District, Shenzhen, the PRC (中國深圳市龍華新區民治街), with a total land area of approximately 96,000 square metres
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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, an indirect subsidiary of the Company

“Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“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, 25 July 2019

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 RMB0.88. 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.