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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 QIANHAI LAND USE RIGHT TRANSFER
AGREEMENTS AND RECOGNIZING PROFIT BEFORE TAXATION
OF APPROXIMATELY RMB2,187 MILLION

Shenzhen International Holdings Limited (the “**Company**”) is pleased to announce that on 31 December 2019, two wholly-owned subsidiaries of the Company entered into two land use right transfer agreements separately (the “**Land Transfer Agreements**”) with 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**”) in respect of total land area of approximately 41,200 square meters, with plot ratio-based gross floor area of approximately 110,000 square meters (mainly residential use area). The total price for the land transfer is approximately RMB2,249 million (approximately HK\$2,499 million). The above two land parcels (the “**Second Phase of Qianhai Project**”) represent the land swap contemplated in the Land Consolidation and Preparation Agreement (as defined below). The Group obtained the land use rights through the land swap in equivalent values, and no contractual land prices (including land use right assignment fees, land development funds and municipal ancillary facility funds) will be charged separately.

Based on the current preliminary estimate, the entering into of the two Land Transfer Agreements is expected to bring about RMB2,187 million (approximately HK\$2,430 million) profit before taxation to the Group’s 2019 annual results, which is subject to audit by the Group’s auditors.

The Company is pleased to announce that on 31 December 2019, two wholly-owned subsidiaries of the Company entered into the Land Transfer Agreements with the Qianhai Authority in respect of total land area of approximately 41,200 square meters, with plot ratio-based gross floor area of approximately 110,000 square meters (mainly residential use area). The total price for the land transfer is approximately RMB2,249 million (approximately HK\$2,499 million).

BACKGROUND

Reference is made to (1) the announcement of the Company dated 5 October 2015 whereby the land consolidation and preparation framework agreement entered into between Shenzhen International West Logistics Co., Ltd (深圳市深國際西部物流有限公司) (the “**West Logistics**”), the then Urban Planning Land and Resources Commission of the Shenzhen Municipality (原深圳市規劃和國土資源委員會) (“**Shenzhen UPLRC**”) and the Qianhai Authority on 30 September 2015; (2) the announcement of the Company dated 2 December 2016 whereby the Company announced West Logistics has entered into an agreement with the Qianhai Authority to terminate the previous land use right agreement in respect of a land parcel T102-0069 and three of the Company’s subsidiaries having entered into new land use rights agreements with the Qianhai Authority respectively in respect of the profit-oriented land site with an area of approximately 38,800 square meters (the “**First Phase of Qianhai Project**”) in Qianhai Shenzhen-Hong Kong Cooperation Zone, to formalize the Group’s title to the respective land use rights of such land parcels; and (3) the announcements of the Company dated 13 October 2017 and 21 December 2017 whereby the Company announced that West Logistics, the Shenzhen UPLRC and the Qianhai Authority entered into a supplemental agreement to the land consolidation and preparation framework agreement, pursuant to which the parties agreed to carry out compensation for land consolidation and preparation by way of land swap in equivalent values based on major principles in assessing the land values under the previous and new land use arrangements as stated in the supplemental agreement. Accordingly, the profit-oriented land site with an area of approximately 38,800 square meters obtained by the Group on 2 December 2016 represents the Group’s first compensated land site under the new land use arrangements and as such, the Group recognized profit before taxation in the amount of approximately RMB2,440 million for 2017; and (4) the announcement of the Company dated 29 September 2019 whereby the Group, the Urban Planning Land and Natural Resources Bureau of the Shenzhen Municipality (深圳市規劃和自然資源局) and the Qianhai Authority entered into a land consolidation and preparation agreement (the “**Land Consolidation and Preparation Agreement**”) in respect of the land consolidation and preparation plan of the Group’s five land parcels with an aggregate site area of approximately 380,000 square meters in Qianhai, whereby specific arrangements for the land consolidation and preparation plan, the assessment principles, compensation and land swap arrangement were finalized.

THE LAND TRANSFER AGREEMENTS

Details of the Land Transfer Agreements signed are set out below:

(A) Land Parcel No. T102 – 0336

Transferor	:	Qianhai Authority
Transferee	:	Shenzhen International Qianhai Investment and Management (Shenzhen) Co., Ltd. (深國際前海投資管理(深圳)有限公司)
Land use	:	Type 2 residential land
Use of main building	:	Residential, commercial
Land site area	:	Approximately 27,937 square meters (including land of approximately 2,638 square meters for use of municipal roads)
Plot ratio-based gross floor area	:	Approximately 64,850 square meters (including residential building area of 51,000 square meters, commercial building area of 6,000 square meters and public ancillary facilities area of 7,850 square meters)
Term	:	Until 31 December 2084
Assignment price	:	RMB1,284,304,500 (approximately HK\$1,427 million)

(B) Land Parcel No. T102 – 0337

Transferor	:	Qianhai Authority
Transferee	:	Shenzhen International Qianhai Business Development (Shenzhen) Co., Ltd. (深國際前海商業發展(深圳)有限公司)
Land use	:	Type 2 residential land
Use of main building	:	Residential, commercial
Land site area	:	Approximately 13,250 square meters
Plot ratio-based gross floor area	:	Approximately 45,200 square meters (including residential building area of 40,000 square meters, commercial building area of 3,400 square meters and public transport terminal area of 1,800 square meters)
Term	:	Until 31 December 2084
Assignment price	:	RMB965,046,200 (approximately HK\$1,072 million)

Other terms: Land users should commence construction before 30 December 2020, and complete construction before 30 December 2023.

The two land parcels of the Second Phase of Qianhai Project represent the land swap contemplated in the Land Consolidation and Preparation Agreement. The Group obtained the land use rights through the land swap in equivalent values, and no contractual land prices (including land use right assignment fees, land development funds and municipal ancillary facility funds) will be charged separately. Save for the 5% fixed costs deduction under applicable governmental policy requirements, the gain recognized from such land appreciation gain through the land consolidation and preparation will be accrued. If such amount needs to be repaid due to change in policies or for any other reason, the Group will be responsible for 40% of such payment.

THE EFFECT OF ENTERING INTO OF THE LAND TRANSFER AGREEMENTS

As announced by the Company previously, compensation from the Qianhai land consolidation and preparation will bring to the Group a total land value of approximately RMB8,373 million (approximately HK\$9,303 million). The Group has already recognized a profit before taxation of approximately RMB2,440 million (approximately HK\$2,711 million) for the First Phase of Qianhai Project in 2017, and based on the current preliminary estimates, the entering into of the two Land Transfer Agreements is expected to bring about RMB2,187 million (approximately HK\$2,430 million) profit before taxation to the Group's 2019 annual results, which is subject to audit by the Group's auditors.

The area of land contemplated under the two Land Transfer Agreements signed relates to land with plot ratio-based gross floor area of approximately 110,000 square meters (mainly residential use area of approximately 91,000 square meters). Given the overall planning for Qianhai and the shortage of pure residential projects in Qianhai, it is expected that with such project's construction and sale, it will help enhancing the value of the Group's resources in the area considerably and promoting comprehensive development of the Group's logistics-related land, which is in the interests of the Company and its shareholders as a whole. With the gradual development of the land swap resources and its gradual release of value in the future, it will help further promoting the continuous growth of the Company and its performance.

The Group will continue to negotiate with the Qianhai Authority and relevant government departments on the implementation of the Group's remaining land consolidation and preparation compensation in Qianhai of approximately RMB3,652 million (approximately HK\$4,058 million) and will follow the overall planning of the Qianhai Authority and strive to obtain the remaining land preparation compensation in Qianhai within 2020 and recognize the corresponding profit.

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

Hong Kong, 6 January 2020

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 RMB0.90. 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.

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