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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)**

**POTENTIAL DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF EQUITY INTEREST IN SHENZHEN INTERNATIONAL  
UNITED LAND CO., LTD. THROUGH PUBLIC TENDER**

**POTENTIAL DISPOSAL**

The Board announces that XTC Company (an indirect wholly-owned subsidiary of the Company) proposes to dispose of its 35.7% equity interest in United Land Company through public tender at the SUPX.

As at the date of this announcement, United Land Company is an indirect subsidiary of the Company and is held as to 35.7%, 34.3% and 30% by XTC Company, SZ Expressway (a subsidiary held as to approximately 52% by the Company) and China Vanke, respectively. The Potential Disposal will be conducted at the SUPX and the successful bidder (as the final purchaser) is required to enter into the Asset Transaction Agreement with the Group in accordance with the regulations of the SUPX.

The Base Price of Transfer is approximately RMB2,788 million (approximately HK\$3,359 million), which is determined with reference to the valuation result of the shareholders' equity of United Land Company as at 31 March 2021 as determined by an independent valuer using the asset based approach. The final consideration will depend on the final bid price provided that it is not less than the Base Price of Transfer.

**REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL**

The Board believes that the Potential Disposal will allow the Group to realize its earnings upfront, increasing working capital of the Group for investments in other new projects which in turn allows the Group to concentrate resources on developing logistics and port businesses. Improving the operational quality and efficiency of core assets is conducive to fulfilling the Group's 14th Five-year Strategic Development Plan. On the other hand, the Potential Disposal will reduce the potential business risk exposure of the Group as a result of the ongoing control policies over China's real estate industry.

## **LISTING RULES IMPLICATIONS**

Based on the Base Price of Transfer as the basis for calculation, the relevant percentage ratios in respect of the Potential Disposal are more than 5% but less than 25%. Accordingly, the Potential Disposal (if materialized) will constitute a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to reporting and announcement requirements.

As at the date of this announcement, China Vanke is a shareholder of United Land Company. According to the articles of association of United Land Company, China Vanke has a right of first refusal to acquire the Sale Shares on the same terms. As China Vanke is a substantial shareholder of a subsidiary of the Company, China Vanke is a connected person at the subsidiary level (meaning as ascribed thereto under the Listing Rules) of the Company. In the event China Vanke becomes the final purchaser, the Group will enter into the Asset Transaction Agreement with China Vanke which will constitute a connected transaction of the Company under Charter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (1) the Board has approved the Potential Acquisition and the transactions contemplated thereunder; and (2) the independent non-executive Directors have confirmed that the major terms and conditions of the Potential Acquisition and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Potential Acquisition is subject to reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements.

**As at the date of this announcement, the Potential Disposal has not materialized, the identity of the final purchaser has not been determined, the Company has not signed the Asset Transaction Agreement. As the Potential Disposal may or may not materialize, the shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.**

The Board announces that XTC Company (an indirect wholly-owned subsidiary of the Company) proposes to dispose of its 35.7% equity interest in United Land Company through public tender at the SUPX. The preliminary tender announcement was published on the website of the SUPX on 19 October 2021. As at the date of this announcement, United Land Company is an indirect subsidiary of the Company and is held as to 35.7%, 34.3% and 30% by XTC Company, SZ Expressway (a subsidiary held as to approximately 52% by the Company) and China Vanke, respectively. The Potential Disposal will be conducted at the SUPX and the successful bidder (as the final purchaser) is required to enter into the Asset Transaction Agreement with the Group in accordance with the regulations of the SUPX.

## **MAJOR TERMS OF THE POTENTIAL DISPOSAL**

### **A. Public Tender**

The Company will undergo the process of public tender at the SUPX in accordance with the relevant regulations. Prospective bidders are subject to the qualification criteria as stipulated by the SUPX and are required to pay a deposit before the final day of the Public Tender.

## **B. Date and procedures of the Public Tender**

The Group will submit to the SUPX a public tender announcement setting out (including but not limited to) (i) the Base Price of Transfer; (ii) major terms of the bidding; and (iii) description and qualification criteria of prospective bidders. The public tender process comprises preliminary tender and formal tender. The preliminary tender announcement was published on the website of the SUPX on 19 October 2021.

There are periods of 20 working days immediately after the date of each of the preliminary tender announcement and the formal tender announcement. During formal tender period, prospective bidders may indicate their interest and register themselves as bidders. If there are two or more prospective bidders, the final purchaser shall be determined according to the bidding procedures of the SUPX. Upon expiration of the relevant period, the SUPX will notify the Group of the identity of the final purchaser. Within 3 working days from the day following the notification, the Company is required to enter into the Asset Transaction Agreement with such final purchaser. In the event China Vanke exercises its right of first refusal on the same terms and becomes the final purchaser, the Group will enter into the Asset Transaction Agreement with China Vanke.

As at the date of this announcement, material information of the Asset Transaction Agreement including the final purchaser, final consideration, payment method, delivery and completion timeline have not been determined. As at the date of this announcement, the Company has not signed any agreement in relation to the Potential Disposal.

## **C. Consideration and payment terms**

The Base Price of Transfer is approximately RMB 2,788 million (approximately HK\$3,359 million), which is determined with reference to the value of the shareholders' equity of United Land Company as at 31 March 2021 of approximately RMB7,808 million as determined by Pengxin Appraisal, an independent valuer, using the asset based approach.

Prospective bidders are required to pay a deposit in accordance with the regulations of the SUPX, which represents 20% of the Base Price of Transfer. If a prospective bidder successfully wins the bid, the deposit will be used to satisfy part of the consideration; if a prospective bidder fails to win the bid, the SUPX will return the deposit to the prospective bidder in accordance with the regulations of the SUPX.

The final consideration will depend on the final bid price provided that it is not less than the Base Price of Transfer. The final purchaser is required to pay the final consideration to an account designated by the SUPX within 5 working days from the date of the Asset Transaction Agreement, which will be held in escrow. Upon fulfilment of certain conditions precedent, the SUPX will pay the final consideration to an account designated by XTC Company. At the same time, the Company is required to settle all outstanding loan balance (including interest) due to United Land Company.

## **REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL**

The Board believes that the Potential Disposal will allow the Group to realize its earnings upfront, increasing working capital of the Group for investments in other new projects which in turn allows the Group to concentrate resources on developing logistics and port businesses. Improving the operational quality and efficiency of core assets is conducive to fulfilling the Group's 14th Five-year Strategic Development Plan. On the other hand, the Potential Disposal will reduce the potential business risk exposure of the Group as a result of the ongoing control policies over China's real estate industry.

The Directors (including the independent non-executive Directors) are of the view that the major terms and conditions of the Potential Disposal (in the event the final purchaser is China Vanke, the Potential Acquisition) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Upon completion of the Potential Disposal (in the event the final purchaser is China Vanke, the Potential Acquisition), United Land Company will cease to be a subsidiary of the Company. As the Company will continue to indirectly hold a 34.3% equity interest in United Land Company through SZ Expressway, United Land Company will become an associated company of the Company.

## **GENERAL INFORMATION**

### **The Group and XTC Company**

The Group is principally engaged in logistics, toll road, port and environmental protection businesses. The Group defines the Guangdong-Hong Kong- Macao Greater Bay Area, the Yangtze River Delta and the Pan-Bohai Rim as strategic regions, endeavours to invest in, construct and operate logistic infrastructure projects including integrated logistics hubs and toll roads and provide value-added logistics services to customers based on such infrastructures, through the means of investment, mergers and acquisitions, restructuring and consolidation, whilst expanding into various business segments such as comprehensive development of land related to the logistics industry and investment in and operation of environmental protection business.

XTC Company is a wholly-owned subsidiary of the Company and a limited liability company established in the PRC. It is principally engaged in investment holding.

### **United Land Company**

United Land Company is established in the PRC with limited liability. United Land Company is principally engaged in property development and holds the land use rights of the land parcels (located at Minzhi Road, Longhua District, the outside of Meilin Checkpoint, Shenzhen) of the Meilin Checkpoint Urban Renewal Project, and is responsible for developing this project. As at the date of this announcement, it has a registered share capital of approximately RMB714 million and is held as to 35.7%, 34.3% and 30% by XTC Company, SZ Expressway and China Vanke, respectively.

Set out below is certain audited financial information of United Land Company for the two financial years ended 31 December 2019 and 31 December 2020 and the three months ended 31 March 2021 (being the reference date of the Valuation Report) prepared in accordance with the Chinese Accounting Standards:

	For the year ended 31 December 2019 <i>(approximately RMB'000)</i>	For the year ended 31 December 2020 <i>(approximately RMB'000)</i>	For the three months ended 31 March 2021 <i>(approximately RMB'000)</i>
Profit before tax	1,371,633	1,414,616	81,850
Profit after tax	1,034,606	1,059,704	61,824

The audited net asset value of United Land Company as at 31 March 2021 was approximately RMB3,669 million. According to the Valuation Report, the value of the shareholders' equity of United Land Company as at 31 March 2021 amounted to approximately RMB7,808 million.

Upon completion of the Potential Disposal (if materialized), United Land Company will cease to be a subsidiary of the Group but will remain an associated company of the Company.

#### **China Vanke (in the event the final purchaser is China Vanke)**

China Vanke is a real estate company headquartered in Shenzhen, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 02202) and on the Shenzhen Stock Exchange (stock code: 000002). China Vanke and its subsidiaries are principally engaged in residential property development, property services, commercial property development and operation, residential property rental, logistics and warehousing services, hotels, education, etc. China Vanke is a connected person at the subsidiary level of the Company.

#### **FINANCIAL IMPACT OF THE POTENTIAL DISPOSAL AND USE OF PROCEEDS**

As at the date of this announcement, the final consideration has not been determined. Based on the Base Price of Transfer as basis for calculation and the current preliminary estimates, the Group expects to record a gain on disposal of approximately RMB2,900 million (approximately HK\$3,494 million). The gain is calculated by reference to (i) the difference between the Base Price of Transfer and the net asset value attributable to the Sale Shares being approximately RMB1,500 million (approximately HK\$1,807 million); and (ii) the revaluation gain of approximately RMB1,400 million (approximately HK\$1,687 million) in respect of the Group's remaining indirect 34.3% shareholding in United Land Company held through SZ Expressway. The actual gain on the Potential Disposal can only be ascertained after the final consideration is determined and will be subject to audit by the Group's auditor. The Company intends to use proceeds from the Potential Disposal for investing in the logistics and port businesses and other investment opportunities of the Group in the future, and as general working capital of the Group.

## LISTING RULES IMPLICATIONS

Based on the Base Price of Transfer as the basis for calculation, the relevant percentage ratios in respect of the Potential Disposal are more than 5% but less than 25%. Accordingly, the Potential Disposal (if materialized) will constitute a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to reporting and announcement requirements.

As at the date of this announcement, China Vanke is a shareholder of United Land Company. According to the articles of association of United Land Company, China Vanke has a right of first refusal to acquire the Sale Shares on the same terms. As China Vanke is a substantial shareholder of a subsidiary of the Company, China Vanke is a connected person at the subsidiary level (meaning as ascribed thereto under the Listing Rules) of the Company. In the event China Vanke becomes the final purchaser, the Group will enter into the Asset Transaction Agreement with China Vanke which will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as (1) the Board has approved the Potential Acquisition and the transactions contemplated thereunder; and (2) the independent non-executive Directors have confirmed that the major terms and conditions of the Potential Acquisition and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Potential Acquisition is subject to reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements.

After the final consideration and final purchaser have been confirmed, or in the event the Potential Disposal falls into another category of notifiable transaction (other than a discloseable transaction) under Chapter 14 of the Listing Rules, and/or is otherwise subject to independent shareholders' approval, the Company will make further announcement(s) and comply with the relevant requirements under the Listing Rules.

**As at the date of this announcement, the Potential Disposal has not materialized, the identity of the final purchaser has not been determined, the Company has not signed the Asset Transaction Agreement. As the Potential Disposal may or may not materialize, the shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“%” per cent.

“Asset Transaction Agreement” an asset transaction agreement to be entered into between the Company and the final purchaser in relation to the Potential Disposal

“Base Price of Transfer”	the reserve price for the Potential Disposal, being approximately RMB2,788 million (approximately HK\$3,359 million), subject to the filing of the valuation result with the competent authority
“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 established in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (stock code: 02202) and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002)
“Company”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00152)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pengxin Appraisal”	Shenzhen Pengxin Appraisal Limited (深圳市鵬信資產評估土地房地產估價有限公司), an independent valuer established in PRC with asset valuation qualifications
“Potential Acquisition”	the potential acquisition of the Sale Shares by China Vanke in the event it exercises its right of first refusal
“Potential Disposal”	the potential disposal of the Sale Shares by XTC Company through the Public Tender
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Public Tender”	the public tender process conducted through the SUPX in respect of the Potential Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	35.7% equity interest in United Land Company which XTC Company proposes to sell

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUPX”	Shenzhen United Property and Equity Exchange* (深圳聯合產權交易所股份有限公司)
“SZ Expressway”	Shenzhen Expressway Company Limited, a joint stock limited company established in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 00548) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600548)
“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 established in the PRC and an indirect subsidiary of the Company
“Valuation Report”	the valuation report dated 2 June 2021 prepared by Pengxin Appraisal in respect of United Land Company
“working day(s)”	working days in the PRC, except Saturdays, Sundays and statutory holidays in the PRC
“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 established in the PRC and a wholly-owned subsidiary of the Company

By Order of the Board  
**Shenzhen International Holdings Limited**  
**Liu Wangxin**  
*Joint Company Secretary*

Hong Kong, 21 October 2021

*As at the date of this announcement, the Board consists of Messrs. Li Haitao, Liu Zhengyu, Wang Peihang and Dai Jingming as executive Directors, Messrs. Hu Wei and Zhou Zhiwei as non-executive Directors and Professor Cheng Tai Chiu, Edwin, Messrs. Pan Chaojin and Chan King Chung as independent non-executive Directors.*

*In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB 0.83. The exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount in RMB or HK\$ was or may be exchanged at this rate or any other rates or at all.*

*\* For identification purpose only*