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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
INTRODUCTION OF STRATEGIC INVESTOR TO
SHENZHEN INTERNATIONAL QIANHAI BUSINESS DEVELOPMENT
(SHENZHEN) CO., LTD
BY ENTERING INTO A CAPITAL INCREASE AGREEMENT**

THE CAPITAL INCREASE AGREEMENT

On 18 February 2022, the Company's indirect wholly-owned subsidiaries, Qianhai Investment and Qianhai Business, entered into the Capital Increase Agreement with Vanke Development, pursuant to which Vanke Development agreed to make a capital contribution of RMB915,104,098 (approximately HK\$1,129,758,146) to Qianhai Business, of which RMB1,944,400 (approximately HK\$2,400,494) shall be used to subscribe for new capital in Qianhai Business and the remaining RMB913,159,698 (approximately HK\$1,127,357,652) shall be included in the capital surplus reserve of Qianhai Business. Upon completion of the Capital Increase, Qianhai Investment and Vanke Development will hold 72% and 28% equity interest in Qianhai Business, respectively, and Qianhai Business will remain a subsidiary of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Board believes that the Capital Increase will allow the Group to realize the current value and profits of the project land parcels. At the same time, introducing a well-known real estate developer such as Vanke Development as a new investor of Qianhai Business will facilitate strong collaboration with a high-quality real estate enterprise to jointly develop the Group's Qianhai phase two land parcels, T102-0337 and T102-0338, and to generate profits from sales after their development. The Capital Increase is also beneficial to optimizing the allocation of the Group's resources by focusing its resources on the development of its main logistics business while improving the overall quality and comprehensive income of the Qianhai projects and reducing the Group's investment risks, generating more profit for the Company's shareholders.

LISTING RULES IMPLICATIONS

Upon completion of the Capital Increase, the Group's equity interest in Qianhai Business will be diluted from the current 100% equity interest to 72% equity interest. Therefore, the Capital Increase under the Capital Increase Agreement constitutes a deemed disposal by the Group of its equity interest in Qianhai Business under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Capital Increase are more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Vanke Development is wholly-owned by China Vanke. As China Vanke's subsidiary is the substantial shareholder of one of the Group's insignificant subsidiaries, China Vanke and its subsidiaries (including Vanke Development) are not connected persons of the Company. Therefore, the Capital Increase is not a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 18 February 2022, the Company's indirect wholly-owned subsidiaries, Qianhai Investment and Qianhai Business, entered into the Capital Increase Agreement with Vanke Development, pursuant to which Vanke Development agreed to make a capital contribution of RMB915,104,098 (approximately HK\$1,129,758,146) to Qianhai Business, of which RMB1,944,400 (approximately HK\$2,400,494) shall be used to subscribe for new capital in Qianhai Business and the remaining RMB913,159,698 (approximately HK\$1,127,357,652) shall be included in the capital surplus reserve of Qianhai Business.

CAPITAL INCREASE AGREEMENT

The key terms of the Capital Increase Agreement are as follows:

- Date** : 18 February 2022
- Parties** : (i) Qianhai Investment;
(ii) Qianhai Business; and
(iii) Vanke Development.

As at the date of this announcement, Vanke Development is wholly-owned by China Vanke. As China Vanke's subsidiary is the substantial shareholder of one of the Group's insignificant subsidiaries, China Vanke and its subsidiaries (including Vanke Development) are not connected persons of the Company. Save as aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Vanke Development and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Capital Increase : Vanke Development agrees to make a capital contribution of RMB915,104,098 (approximately HK\$1,129,758,146) to Qianhai Business, of which RMB1,944,400 (approximately HK\$2,400,494) shall be used to subscribe for new capital in Qianhai Business and the remaining RMB913,159,698 (approximately HK\$1,127,357,652) shall be included in the capital surplus reserve of Qianhai Business.

Upon completion of the Capital Increase, the registered capital of Qianhai Business will be increased from RMB5,000,000 to RMB6,944,400, and Qianhai Investment and Vanke Development will hold 72% and 28% equity interest in Qianhai Business, respectively.

Conditions Precedent : The completion of the Capital Increase is conditional upon the fulfilment of the conditions precedent, including but not limited to having obtained consent and approval from governmental departments (where necessary) and the internal approvals of Qianhai Business.

Payment : Vanke Development shall make payment of the Capital Contribution to Qianhai Business as follows:

- (i) the initial 50% of the Capital Contribution (being RMB457,552,049 (approximately HK\$564,879,073)) shall be made within five (5) working days from the date of fulfilment of the conditions precedent as set out in the Capital Increase Agreement; and
- (ii) the remaining 50% of the Capital Contribution (being RMB457,552,049 (approximately HK\$564,879,073)) shall be made within one (1) year from the date of fulfilment of the conditions precedent as set out in the Capital Increase Agreement.

On the next working day after payment of the initial 50% of the Capital Contribution, Vanke Development shall provide a bank guarantee to Qianhai Business in the amount equivalent to the remaining 50% of the Capital Contribution (being RMB457,552,049 (approximately HK\$564,879,073)).

Basis of determining the Capital Contribution : As the Capital Increase was facilitated by way of public tender at the SUPX, the Capital Contribution was determined based on the relevant capital increase regulations of the SUPX and through competitive negotiations. At the same time, reference was made to the valuation of the shareholders' equity of Qianhai Business as at 30 June 2021, being RMB2,353,124,823 (approximately HK\$2,905,092,374), as determined by an independent valuer using the asset based approach.

- Registration procedures** : Qianhai Investment shall procure Qianhai Business to complete all required corporate registration procedures within 15 working days upon receipt of the payment of the initial 50% of the Capital Contribution and the receipt of the bank guarantee in the amount equivalent to the remaining 50% of the Capital Contribution.
- Composition of the board of directors** : The board of directors of Qianhai Business shall consist of three (3) directors, two (2) of which shall be appointed by Qianhai Investment and the remaining one (1) director shall be appointed by Vanke Development.

INFORMATION ON QIANHAI BUSINESS

Qianhai Business was established on 9 December 2015 in the PRC with limited liability. As at the date of this announcement, the registered capital of Qianhai Business is RMB5,000,000 and it is directly wholly-owned by Qianhai Investment. Qianhai Business owns the development rights of land parcel no. T102-0266 of phase one and land parcel nos. T102-0337 and T102-0338 of phase two of the Group's Qianhai projects. Its principal business is to carry out the development, construction and operation of these land parcels. Phase one of the Qianhai project has already been completed, and is currently carrying out investment promotion and fine decoration work. For phase two of the Qianhai project, designs for part of the land parcels are currently underway, and they are expected to achieve their pre-sale conditions in the fourth quarter of 2023 and the third quarter of 2024, respectively.

As at 30 June 2021, the audited net liability of Qianhai Business was RMB4,209,323. Since its incorporation, Qianhai Business has not generated any income or profits.

FINANCIAL IMPACT ON THE GROUP

Upon completion of the Capital Increase, Qianhai Investment's equity interest in Qianhai Business will be diluted from the current 100% equity interest to 72% equity interest. As Qianhai Business will continue to be a subsidiary of the Company after completion of the Capital Increase, its financials will continue to be consolidated in the Group's financial statements.

It is expected that upon the completion of the Capital Increase, the Group's net asset value will increase by RMB915,104,098 (approximately HK\$1,129,758,146) based on the Capital Contribution, and the Capital Increase will not result in any gain or loss in the Company's consolidated income statement.

The Company intends to utilise the proceeds from the Capital Increase for the continued construction and development of the Group's Qianhai project land parcels and for the Group's general working capital.

INFORMATION ON THE GROUP

The Group

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 provides value-added logistics services to customers based on such infrastructures. Through expansion, mergers and acquisitions, restructuring and consolidation, the Group expands into various business segments such as comprehensive development of land related to the logistics industry as well as investment in and operation of environmental protection business.

Qianhai Investment

Qianhai Investment is established in the PRC with limited liability. It is principally engaged in investment management, equity investment, investment consulting and investment advisory. Qianhai Investment is an indirect wholly-owned subsidiary of the Company.

INFORMATION ON CHINA VANKE AND VANKE DEVELOPMENT

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.

Vanke Development is a wholly-owned subsidiary of China Vanke and it is principally engaged in real estate development.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Board believes that the Capital Increase will allow the Group to realize the current value and profits of the project land parcels. At the same time, introducing a well-known real estate developer such as Vanke Development as a new investor of Qianhai Business will facilitate strong collaboration with a high-quality real estate enterprise to jointly develop the Group's Qianhai phase two land parcels, T102-0337 and T102-0338, and to generate profits from sales after their development. The Capital Increase is also beneficial to optimizing the allocation of the Group's resources by focusing its resources on the development of its main logistics business while improving the overall quality and comprehensive income of the Qianhai project and reducing the Group's investment risks, generating more profit for the Company's shareholders.

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

LISTING RULES IMPLICATIONS

Upon completion of the Capital Increase, Qianhai Investment's equity interest in Qianhai Business will be diluted from the current 100% equity interest to 72% equity interest. Therefore, the Capital Increase under the Capital Increase Agreement constitutes a deemed disposal by the Company of its equity interest in Qianhai Business under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Capital Increase are more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Vanke Development is wholly-owned by China Vanke. As China Vanke's subsidiary is the substantial shareholder of one of the Group's insignificant subsidiaries, China Vanke and its subsidiaries (including Vanke Development) are not connected persons of the Company. Therefore, the Capital Increase is not a connected transaction of the Company under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Capital Contribution”	the capital contribution of RMB915,104,098 (approximately HK\$1,129,758,146) to be provided by Vanke Development to Qianhai Business pursuant to the Capital Increase Agreement, of which RMB1,944,400 (approximately HK\$2,400,494) shall be used to subscribe for new capital in Qianhai Business and the remaining RMB913,159,698 (approximately HK\$1,127,357,652) shall be included in the capital surplus reserve of Qianhai Business
“Capital Increase”	the increase in the registered capital of Qianhai Business pursuant to the Capital Increase Agreement upon completion of which Vanke Development will hold 28% equity interest in Qianhai Business and Qianhai Investment will hold 72%
“Capital Increase Agreement”	the capital increase agreement dated 18 February 2022 entered into between Qianhai Investment, Qianhai Business and Vanke Development, the details of which are set out in this announcement
“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 Stock Exchange
“Director(s)”	the 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
“PRC”	the People’s Republic of China
“Qianhai Business”	Shenzhen International Qianhai Business Development (Shenzhen) Co., Ltd* (深國際前海商業發展(深圳)有限公司), a company incorporated in the PRC with limited liability
“Qianhai Investment”	Shenzhen International Qianhai Investment Management (Shenzhen) Co., Ltd* (深國際前海投資管理(深圳)有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“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)
“Vanke Development”	Shenzhen Vanke Development Company Limited* (深圳市萬科發展有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

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

18 February 2022

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

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.81. 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*