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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
SECOND CAPITAL INCREASE OF SHENZHEN INTERNATIONAL
QIANHAI BUSINESS DEVELOPMENT (SHENZHEN) CO., LTD

SECOND CAPITAL INCREASE

The Board is pleased to announce that the tender publication period for the Second Capital Increase through public tender on the SUPX has ended and the successful bidder is Vanke Development. Subject to completion of the relevant SUPX tendering procedures, Qianhai Investment, Qianhai Business and Vanke Development expect to enter into the Second Capital Increase Agreement on or before 12 May 2022, pursuant to which Vanke Development shall make a capital contribution of RMB1,480,427,200 (approximately HK\$1,770,845,933) to Qianhai Business, of which RMB3,055,600 (approximately HK\$3,655,024) shall be used to subscribe for new capital in Qianhai Business and the remaining RMB1,477,371,600 (approximately HK\$1,767,190,909) shall be included in the capital surplus reserve of Qianhai Business.

As at the date of this announcement, Qianhai Investment and Vanke Development hold 72% and 28% equity interest in Qianhai Business respectively. Pursuant to the proposed terms of the Second Capital Increase Agreement, upon completion of the Second Capital Increase, Qianhai Investment and Vanke Development will each hold 50% equity interest in Qianhai Business. Qianhai Business shall cease to be a subsidiary of the Company, but will be an associated company of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND CAPITAL INCREASE AGREEMENT

The Board believes that the Second Capital Increase will allow the Group to further realize the current value and profits of the project land parcels, and 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 realizing its earnings upfront, generating more profit for the

Company's shareholders.

The Qianhai projects are successful examples of the Group's "Investment, Construction, Operation and Transformation" closed-loop development model. Through the redevelopment and renovation of the land parcels, it brings to the Group substantial increase in the value of the land parcels and realizes income from the subsequent development of the projects. In the future, the Company will continue to strive for and actively pursue similar project opportunities for the transformation and upgrade of lands.

LISTING RULES IMPLICATIONS

Upon completion of the Second Capital Increase, the Group's equity interest in Qianhai Business will be diluted from the current 72% equity interest to 50% equity interest. Qianhai Business will cease to be a subsidiary of the Company and the Second Capital Increase under the Second Capital Increase Agreement (as aggregated with the First Capital Increase pursuant to the Rule 14.22 of the Listing Rules) will constitute 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 one of China Vanke's subsidiaries is the substantial shareholder of the Group's insignificant subsidiaries, China Vanke and its subsidiaries (including Vanke Development) are not connected persons of the Company. Therefore, the Second Capital Increase is not a connected transaction of the Company under Chapter 14A of the Listing Rules.

INTRODUCTION

In February 2022, the Group introduced Vanke Development as the strategic investor for Qianhai Business by way of capital increase and Vanke Development made a capital contribution of approximately RMB915 million to Qianhai Business. Upon completion of such capital increase, Qianhai Investment and Vanke Development held 72% and 28% equity interest in Qianhai Business respectively. For details, please see the announcement of the Company dated 18 February 2022.

The Group proposes to further reduce its shareholding in Qianhai Business. On 3 March 2022, the Group submitted a public tender through SUPX proposing to introduce another strategic investor for Qianhai Business by way of capital increase and the base price of the tender was not lower than RMB1,480 million. The new strategic investor would own 30.56% equity interest in Qianhai Business.

The Board is pleased to announce that the tender publication period for the Second Capital Increase through the SUPX has ended and the successful bidder is Vanke Development. Subject to completion of the relevant SUPX tendering procedures, Qianhai Investment, Qianhai Business and Vanke Development expect to enter into the Second Capital Increase Agreement on or before 12 May 2022, pursuant to which Vanke Development shall make a capital contribution of RMB1,480,427,200 (approximately HK\$1,770,845,933) to Qianhai Business, of which RMB3,055,600 (approximately HK\$3,655,024) shall be used to subscribe for new capital in Qianhai Business and the remaining RMB1,477,371,600 (approximately HK\$1,767,190,909) shall be included in the capital surplus reserve of Qianhai Business.

As at the date of this announcement, Qianhai Investment and Vanke Development hold 72% and 28% equity interest in Qianhai Business respectively. Pursuant to the proposed terms of the Second Capital Increase Agreement, upon completion of the Second Capital Increase, Qianhai Investment and Vanke Development will each hold 50% equity interest in Qianhai Business.

MAJOR TERMS OF THE SECOND CAPITAL INCREASE AGREEMENT

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

- Parties** : (i) Qianhai Investment, an indirect wholly-owned subsidiary of the Company;
- (ii) Qianhai Business, an indirect subsidiary of the Company; and
- (iii) Vanke Development, the successful bidder of the Second Capital Increase.

As at the date of this announcement, Vanke Development is wholly-owned by China Vanke. As one of China Vanke's subsidiaries is the substantial shareholder 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).

- Second Capital Increase** : Vanke Development agrees to make a capital contribution of RMB1,480,427,200 (approximately HK\$1,770,845,933) to Qianhai Business, of which RMB3,055,600 (approximately HK\$3,655,024) shall be used to subscribe for new capital in Qianhai Business and the remaining RMB1,477,371,600 (approximately HK\$1,767,190,909) shall be included in the capital surplus reserve of Qianhai Business.

Upon completion of the Second Capital Increase, the registered capital of Qianhai Business will be increased from RMB6,944,400 to RMB10,000,000, Qianhai Investment and Vanke Development will each hold 50% equity interest in Qianhai Business. Qianhai Business shall cease to be a subsidiary of the Company, but will be an associated company of the Company.

- Conditions Precedent** : The completion of the Second 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 shall be made within five (5) working days from the date of fulfilment of the conditions precedent as set out in the Second Capital Increase Agreement; and
 - (ii) the remaining 50% of the Capital Contribution shall be made within seven (7) days after Qianhai Business has submitted all the relevant materials to the relevant governmental department(s) to obtain a pre-sale permit for phase two of the Qianhai project (as described below) and having obtained the acceptance receipt from the relevant governmental department(s) or before 31 December 2022 (whichever is earlier).
- 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 RMB740,213,600 (approximately HK\$ 885,422,967)).
- Basis of determining the Capital Contribution** : As the Second Capital Increase is to be 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 its relevant procedures. At the same time, reference is made to the valuation of the shareholders' equity of Qianhai Business as at 31 December 2021, being RMB2,449,432,500 (approximately HK\$2,929,943,182), as determined by an independent valuer using the asset based approach.
- Registration procedures** : Qianhai Investment and Vanke Development 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** : Upon completion of the Second Capital Increase, the board of directors of Qianhai Business shall consist of nine (9) directors. Five (5) of which shall be appointed by Vanke Development and the remaining four (4) directors shall be appointed by Qianhai Investment.

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 RMB6,944,400 and it is owned as to 72% by Qianhai Investment and 28% by Vanke Development. 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 phase two of the Group's Qianhai projects. Phase one of the Qianhai project has already completed, and is currently carrying out investment promotion work. Construction of land parcels no. T102-0337 and T102-0338 of phase two of the Qianhai project is currently underway, and are expected to meet pre-sale conditions in the fourth quarter of 2022.

As at 31 December 2021, the audited net liability of Qianhai Business was RMB20,826,200. Since its incorporation, Qianhai Business has not generated any income or profits.

FINANCIAL IMPACT OF THE SECOND CAPITAL INCREASE ON THE GROUP

Upon completion of the Second Capital Increase, Qianhai Investment's equity interest in Qianhai Business will be diluted from the current 72% equity interest to 50% equity interest. Also, Qianhai Business will cease to be a subsidiary of the Company and its results will no longer be consolidated in the Group's financial statements but it will remain an associated company of the Company.

Based on current preliminary estimates, it is expected that the Second Capital Increase will result in a gain before tax of approximately RMB2,350 million (approximately HK\$2,810 million) for the Group, but the actual gain to be recorded will be subject to final audit by the Company's auditor. The gain is calculated on the basis that the Group no longer controls Qianhai Business as a result of the First Capital Increase and the Second Capital Increase, and thus recognizing the value appreciation of its remaining equity interest in Qianhai Business and the income brought about by the deemed disposal of Qianhai Business.

The proceeds from the Second Capital Increase will be used by Qianhai Business to repay relevant land fees due to Shenzhen International West Logistics Co., Ltd. (a wholly-owned subsidiary of the Company) and for its general working capital.

INFORMATION ON THE GROUP

The Group

The Group is principally engaged in logistics, toll road, port and general-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, and through expansion, mergers and acquisitions, restructuring and consolidation, endeavours to invest in, construct and operate logistic infrastructure projects including integrated logistics hubs and toll roads, provide value-added logistics services to customers based on such infrastructures, expand into various business segments such as comprehensive development of land related to the logistics industry as well as investment in and operation of general-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 SECOND CAPITAL INCREASE AGREEMENT

The Board believes that the Second Capital Increase will allow the Group to further realize the current value and profits of the project land parcels, and 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 realizing its earnings upfront, generating more profit for the Company's shareholders.

The Qianhai projects are successful examples of the Group's "Investment, Construction, Operation and Transformation" closed-loop development model. Through the redevelopment and renovation of the land parcels, it brings to the Group substantial increase in the value of the land parcels and realizes income from the subsequent development of the projects. In the future, the Company will continue to strive for and actively pursue similar project opportunities for the transformation and upgrade of lands.

The Board believes that the terms of the Second 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 Second Capital Increase, the Group's equity interest in Qianhai

Business will be diluted from the current 72% equity interest to 50% equity interest. Qianhai Business will cease to be a subsidiary of the Company and the Second Capital Increase under the Second Capital Increase Agreement (as aggregated with the First Capital Increase pursuant to the Rule 14.22 of the Listing Rules) will constitute 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 one of China Vanke's subsidiaries is the substantial shareholder of the Group's insignificant subsidiaries, China Vanke and its subsidiaries (including Vanke Development) are not connected persons of the Company. Therefore, the Second Capital Increase is not a connected transaction of the Company under Chapter 14A of the Listing Rules.

If there are any material changes in relation to the Second Capital Increase, the Company will make further announcement(s).

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 RMB1,480,427,200 (approximately HK\$1,770,845,933) to Qianhai Business, of which RMB3,055,600 (approximately HK\$3,655,024) shall be used to subscribe for new capital in Qianhai Business and the remaining RMB1,477,371,600 (approximately HK\$1,767,190,909) shall be included in the capital surplus reserve of Qianhai Business
“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 (stock code: 00152)
“Director(s)”	the director(s) of the Company
“First Capital Increase”	the increase in the registered capital of Qianhai Business pursuant to the capital increase agreement entered into between Qianhai Investment, Qianhai Business and Vanke Development on 18 February 2022, the details of which are set out in the announcement of the Company dated 18 February 2022
“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
“Second Capital Increase”	the increase in the registered capital of Qianhai Business pursuant to the Second Capital Increase Agreement upon completion of which Qianhai Investment and Vanke Development will each hold 50% equity interest in Qianhai Business
“Second Capital Increase Agreement”	the second capital increase agreement to be entered into between Qianhai Investment, Qianhai Business and Vanke Development, the details of which are set out in this announcement
“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

2 May 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 RMB0.836. 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*