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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)

(the “Company”)

MAJOR TRANSACTION ARRANGMENTS FOR ACQUISITION OF THE MEILIN CHECKPOINT LAND PARCELS

ARRANGMENTS FOR ACQUISITION OF THE MEILIN CHECKPOINT LAND PARCELS AND LAND PREMIUM AGREEMENT

Reference is made to the Company’s announcement dated 8 August 2014 in relation to, among other things, the establishment of a project company by the Group in order to research, analyse and explore the feasibility of and the opportunity for obtaining valuable land resources in the Longhua New Area.

The Board is pleased to announce that on 10 September 2014, in order to facilitate obtaining the Meilin Checkpoint Land Parcels and under the overall arrangement of the Shenzhen municipal government, the Company, Shenzhen Expressway (a 50.889% subsidiary of the Company) and Longhua Committee have entered into the Land Premium Agreement to record their agreement on certain arrangements in relation to the timing of entering into the relevant land transfer agreement and payment of the Land Premium for the Meilin Checkpoint Land Parcels.

Under the Land Premium Agreement, the Company and Shenzhen Expressway will, through the Project Company, enter into a land transfer agreement for the Meilin Checkpoint Land Parcels with the Shenzhen UPLRC and pay 30% of the Land Premium, that is, RMB1,070,010,000 (approximately HK\$1,354,443,000) by 30 June 2015. Further, the Company and Shenzhen Expressway will pay through the Project Company the balance of the Land Premium, being RMB2,496,690,000 (approximately HK\$3,160,367,000), within one year of the land transfer agreement becoming effective.

REASONS FOR AND THE BENEFITS OF THE ARRANGMENTS IN RESPECT OF THE MEILIN CHECKPOINT LAND PARCELS AND THE LAND PREMIUM AGREEMENT

The Meilin Checkpoint Land Parcels are situated at a geographically advantageous location and, having taken into account the market price of land parcels adjacent to the Meilin Checkpoint Land Parcels, the Board believes it to be in the interests of the Group to secure the Meilin Checkpoint Land Parcels at the Land Premium, in terms of favourable investment cost and room for appreciation in value. The Meilin Checkpoint Land Parcels can create higher economic value for the land owned by the Group, and contribute towards the improvement of the overall corporate performance and shareholders' returns. The Company considers that by entering into the Land Premium Agreement with the Longhua Committee, the Group has secured agreement with respect to the timing for the obtaining the Meilin Checkpoint Land Parcels and related obligations of the government, and locks in the basic Land Premium in respect of the Meilin Checkpoint Land Parcels. Meanwhile, pursuant to the terms of the Land Premium Agreement, Longhua Committee has undertaken to coordinate the land transfer agreement in respect of the Liguang Project Land Parcel to be signed by the Group, which will enable the Project Company to seize the opportunity for urban development and renewal, timely realize the commercial value of current resources.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of obtaining the Meilin Checkpoint Land Parcels as contemplated under the Land Premium Agreement, is more than 25% but less than 100%, it constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will convene a Special General Meeting to consider and, if thought fit, approve such transactions. A circular containing, among other things, further details on such transactions, and a notice convening the Special General Meeting, is expected to be despatched to Shareholders on or before 3 October 2014.

INTRODUCTION

Pursuant to the latest development plans of the Shenzhen municipal government in respect of the Longhua New Area, the government expects to modify the planned use of the sites held by the Group on which the Huatongyuan Logistic Centre is located and to the west of the Meilin toll station. Pursuant to the relevant regulations, as owner of the Meilin Checkpoint Land Parcels, the Group is entitled to establish a project company to obtain and deal with the Meilin Checkpoint Land Parcels.

Reference is made to the Company's announcement dated 8 August 2014 in relation to, among other things, the establishment of a project company between the Company and Shenzhen Expressway, a 50.889% subsidiary of the Company, in order to research, analyse and explore the feasibility of and the opportunity for obtaining valuable land resources in the Longhua New Area. The Project Company was established in late August 2014 and is owned as to 51% by XTC Company (a subsidiary of the Company) and as to 49% by Shenzhen Expressway.

Following the implementation of toll-free passage on the approximately 13.8 kilometre section of the Meiguan Expressway between Meilin to Guanlan, the Shenzhen government is gradually implementing urban planning design and renewal work along Meiguan Expressway. According to its urban planning, the Shenzhen government intends to implement the Meilin Checkpoint Urban Renewal Project, which involves the modification of planned use of approximately 131,000 square metres of land including those located to the west of the Meilin toll station and on which the Huatongyuan Logistic Centre is located, and the re-designation of approximately 96,000 square metres as development and construction land for comprehensive development in accordance with urban renewal policy. The Longhua New Area in Shenzhen, where the Meilin Checkpoint Land Parcels are located, is one of five identified sub city centres in the “Overall Planning for Shenzhen Municipal (2007-2020) (深圳城市總體規劃 (2007-2020))” and an area designated for expansion of urban centre function and key development. It is adjacent to the Futian District, downtown area of the Shenzhen City, and is situated at a geographically advantageous location with good investment value and appreciation potential. The Meilin Checkpoint Urban Renewal Project has a planned composite plot ratio of 5.06 and total gross floor area of approximately 486,000 square metres, comprising properties for residential, commercial, office, business apartments and public and ancillary uses, etc. After taking into account the Land Premium, associated taxes and other related costs, and based on the currently planned saleable area of approximately 470,000 square metres, the estimated floor price of the Meilin Checkpoint Urban Renewal Project is approximately RMB10,000 to RMB11,000 per square metre.

In order to facilitate obtaining the Meilin Checkpoint Land Parcels and under the overall arrangement of the Shenzhen municipal government, the Company, Shenzhen Expressway and Longhua Committee have entered into the Land Premium Agreement to record their agreement on certain arrangements in relation to the timing of entering into the relevant land transfer agreement and payment of Land Premium for the Meilin Checkpoint Land Parcels.

A summary of the salient terms of the Land Premium Agreement are as follows:-

Date

10 September 2014

Parties

- (1) the Longhua Committee;
- (2) the Company; and
- (3) Shenzhen Expressway, a 50.889% subsidiary of the Company

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Longhua Committee is a third party independent of the Company and its connected persons.

Subject matter and consideration

Under the Land Premium Agreement, the Company and Shenzhen Expressway will, through the Project Company, enter into a land transfer agreement for the Meilin Checkpoint Land Parcels with the Shenzhen UPLRC and pay 30% of the Land Premium, that is, RMB1,070,010,000 (approximately HK\$1,354,443,000) by 30 June 2015. Further, the Company and Shenzhen Expressway will pay through the Project Company the balance of the Land Premium, being RMB2,496,690,000 (approximately HK\$3,160,367,000), within one year of the land transfer agreement becoming effective.

Pursuant to the Land Premium Agreement, the Longhua Committee has undertaken to assist the Project Company in the demolition and relocation work under the Meilin Checkpoint Urban Renewal Project and co-ordinate the signing of the relevant land transfer agreement in respect of the Liguang Project Land Parcel, to the extent within the scope of its authorities. Further details in respect of the Liguang project have been separately announced by the Company today.

Conditions precedent of the Land Premium Agreement

The Land Premium Agreement will become effective upon all parties having obtained all relevant approvals, authorization, consent and permit under the applicable laws, rules and regulations.

Termination

If for reasons attributable to the Longhua Committee or other government departments the governmental approval process in respect of the Meilin Checkpoint Land Parcels is delayed, the deadline for the payment of the first instalment of the Land Premium may be correspondingly postponed with the written agreement of the parties to the Land Premium Agreement. The Land Premium Agreement may be terminated without penalty to either party as a result of (amongst other things) force majeure events, operation of law or mutual agreement, or the termination of the Meilin Checkpoint Urban Renewal Project by the government.

Compensation for non-performance

In the event the Company and Shenzhen Expressway fail to fulfill their respective obligations under the Land Premium Agreement, they shall pay an agreed compensation in the amount of the compensation actually made by the Longhua Committee in accordance with the Agreement on the Toll Adjustment and Compensation and the Transfer of Assets Regarding Meiguan Expressway, particulars of which are set out in the Company's announcement dated 27 January 2014.

BASIS OF DETERMINATION OF THE LAND PREMIUM

The Land Premium in respect of the Meilin Checkpoint Land Parcels were negotiated on an arm's length basis between the Group and the Shenzhen government, and finally determined by the Shenzhen government after taking into account (among other things) the prevailing market conditions, the land price of the neighbouring land of the Meilin Checkpoint Land Parcels carried out by the Group. The final amount of the Land Premium payable by the Project Company will be that specified in land transfer agreement for the Meilin Checkpoint Land Parcels and the Group expects that the Land Premium (based on the final government verified and approved site area of the Meilin Checkpoint Land Parcels and which may therefore differ from that specified in the Land Premium Agreement) and other associated taxes will not exceed RMB3.7 billion. The Group intends to fund this project through its internal financial resources, borrowings or a combination of both.

Based on the management accounts of the Group as at 30 June 2014, the carrying value of the on which Huatongyuan Logistic Centre is situated and the site located to the west of Meilin toll station both held by the Group and buildings erected thereon amounted to approximately RMB257 million (equivalent to approximately HK\$325 million).

HUATONGYUAN LOGISTIC CENTRE

Huatongyuan Logistic Centre, which is operated by the Group, is located within the area designated for the Meilin Checkpoint Urban Renewal Project. The Group is in active discussions with the relevant government departments for the relocation of Huatongyuan Logistic Centre and the land transfer agreement for the Liguang Project Land Parcel.

For the year ended 31 December 2013, Huatongyuan Logistic Centre's revenue and profit attributable to shareholders was HK\$117 million and HK\$22.01 million, respectively. For the six months ended 30 June 2014, Huatongyuan Logistic Centre's revenue and profit attributable to shareholders was HK\$59.77 million and HK\$11.85 million, respectively.

REASONS FOR AND THE BENEFITS OF THE ARRANGMENTS IN RESPECT OF THE MEILIN CHECKPOINT LAND PARCELS AND THE LAND PREMIUM AGREEMENT

The Meilin Checkpoint Land Parcels are situated at a geographically advantageous location and, having taken into account the market price of land parcels adjacent to the Meilin Checkpoint Land Parcels, the Board believes it to be in the interests of the Group to secure the Meilin Checkpoint Land Parcels at the Land Premium, in terms of favourable investment cost and room for appreciation in value. The Meilin Checkpoint Land Parcels can create higher economic value for the land owned by the Group, and contribute towards the improvement of the overall corporate performance and shareholders' returns. The Company considers that by entering into the Land Premium Agreement with the Longhua Committee, the Group has secured agreement with respect to the timing for the obtaining the Meilin Checkpoint Land Parcels and related obligations of the government, and locks in the basic Land Premium in respect of the Meilin Checkpoint Land Parcels. Meanwhile, pursuant to the terms of the Land Premium Agreement, Longhua Committee has undertaken to coordinate the land transfer agreement in respect of the Liguang Project Land Parcel to be signed by the Group, which will enable the Project Company to seize the opportunity for urban development and renewal, timely realize the commercial value of current resources.

As the Group will continue to its strategy of operating logistics infrastructural facilities and toll road businesses, the management of the Group do not consider it appropriate for the Group to engage in the development of the Meilin Checkpoint Land Parcels. Accordingly, the intention is after the signing of the land transfer agreement for the Meilin Checkpoint Land Parcels, the Group will prioritise the transfer of more than 50% equity interests in the Project Company to a well-established real estate development company by way of listing-for-sale on an asset and equity exchange.

The Directors are of the view that the terms of and the transactions contemplated under the Land Premium Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as providing various value-added logistic services to customers leveraging its infrastructure facilities and information services platform.

Shenzhen Expressway and its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways and roads.

The Longhua Committee is an agency of the Shenzhen government, and performs the duties which the Shenzhen government authorizes the district-level government to perform within the Longhua New Area in the Shenzhen municipal.

OTHER INFORMATION

Shenzhen Expressway will convene an extraordinary general meeting on 8 October 2014 to seek independent shareholders’ approval for its injection of capital into the Project Company and related transactions. If Shenzhen Expressway is not able to secure such independent shareholders’ approval, all the equity interests in the Project Company held by Shenzhen Expressway will be acquired by a wholly-owned subsidiary of the Company at the amount of capital already contributed by Shenzhen Expressway to the Project Company together with interest thereon at the prevailing bank lending rate. The Project Company will thereafter become an indirect wholly-owned subsidiary of the Company and the Group will be responsible for the Land Premium in full.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of obtaining the Meilin Checkpoint Land Parcels as contemplated under the Land Premium Agreement, is more than 25% but less than 100%, it constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The Company will convene a Special General Meeting to consider and, if thought fit, approve such transactions. As no Shareholder has any material interest in such transactions which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the resolutions(s) to be proposed at the Special General Meeting to approve such transactions.

A circular containing, among other things, further details on such transactions, and a notice convening the Special General Meeting, is expected to be despatched to Shareholders on or before 3 October 2014.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company

“Framework Agreement”	a framework agreement for the establishment of the Project Company in relation to the Meilin Checkpoint Urban Renewal Project (《關於合資成立梅林關城市更新項目公司的框架協議》) entered into by the Company and Shenzhen Expressway on 8 August 2014
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Land Premium”	the land premium required to be paid in respect of the Meilin Checkpoint Land Parcels, being the amount of RMB3,566,700,000 in the Land Premium Agreement subject to final adjustments
“Land Premium Agreement”	the agreement dated 10 September 2014 entered into between the Longhua Committee, the Company and Shenzhen Expressway in relation to, among other things, the payment of the Land Premium
“Liguang Project Land Parcel”	the land parcel located at Guanlan Street, Longhua New Area in the west side of the terminal point of Meiguan Expressway in Shenzhen, with a site area of approximately 48,000 square metres, to which the Group’s Huatongyuan Logistic Centre is expected to relocate
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Longhua Committee”	Shenzhen Longhua New Area Administrative Committee
“Meilin Checkpoint Land Parcels”	the site of approximately 96,000 square metres being re-designated as development and construction land and forming part of the Meilin Checkpoint Urban Renewal Project for comprehensive development under the urban renewal policy

“Meilin Checkpoint Urban Renewal Project”	the comprehensive development project of the Shenzhen government under its urban renewal policy in respect of (i) the site held by Meiguan Expressway Company Limited (深圳市梅觀高速公路有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shenzhen Expressway, to the west of the Meilin toll station; and (ii) the site held by XTC Company on which the Huatongyuan Logistic Centre is situated, of approximately 131,000 square metres in total including approximately 96,000 square metres of land that will be re-designated as development and construction land
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau and Taiwan
“Project Company”	深圳市深國際聯合置地有限公司, a company established in Shenzhen City, Guangdong Province, PRC by XTC Company and Shenzhen Expressway pursuant to the Framework Agreement, and which shall be the applicant and legal entity for the Meilin Checkpoint Urban Renewal Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the issued shares in the Company
“Shenzhen 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
“Shenzhen UPLRC”	Urban Planning Land and Resources Commission of the Shenzhen Municipal (深圳市規劃和國土資源委員會)
“Special General Meeting”	the special general meeting to be convened by the Company to approve, among other things, the transactions contemplated under the Land Premium Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“XTC Company”

Xin Tong Chan Development (Shenzhen) Company Limited (新通產實業開發(深圳)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

Notes:

In this announcement, the English names of certain PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.79. The exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By Order of the Board
Shenzhen International Holdings Limited
Gao Lei
Chairman

Hong Kong, 10 September 2014

As at the date of this announcement, the Board consists of Messrs. Gao Lei, Li Jing Qi, Li Lu Ning, Liu Jun and Yang Hai as executive Directors, Dr. Yim Fung, JP as non-executive Director and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive Directors.