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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)

UPDATES ON THE PROGRESS OF THE QIANHAI PROJECT AND POSITIVE PROFIT ALERT

Shenzhen International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on its preliminary review of the latest unaudited consolidated management accounts of the Group and the profit that will be recognized in respect of the Group’s Qianhai Project as disclosed in this announcement, it is expected that the Group will experience a substantial increase of approximately 60% in its profit before taxation for the year ended 31 December 2017 as compared with the corresponding period in 2016. Such expected increase is mainly attributable to the recognition of profit before taxation for 2017 of approximately HK\$2,840 million (approximately RMB2,440 million) pursuant to the supplemental agreement to the land consolidation and preparation framework agreement (the “Supplemental Agreement”) entered into by the Group on 13 October 2017 in respect of the Qianhai Project.

In accordance with the principles set out in the Supplemental Agreement and based on the assessments conducted by the parties thereby under the new and previous land use arrangements, the aggregate value of land sites under the new land use arrangements in Qianhai to which the Group is entitled to compensation amounted to approximately HK\$9,730 million (approximately RMB8,370 million). It shall be compensated through the obtaining of land sites in Qianhai under the new land use arrangements by way of swap of land sites in equivalent values, with 1 January 2015 as the benchmark date for ascertaining land prices.

In connection therewith, the profit-oriented land site with an area of approximately 38,800 square metres in Qianhai Shenzhen-Hong Kong Cooperation Area obtained by the Group on 2 December 2016 represents the Group’s first compensated land site under the new land use arrangements, being a part of the swap of land sites in respect of the aforesaid aggregate amounts of land compensation. Therefore, its original land cost of approximately HK\$2,870 million (approximately RMB2,470 million) is no longer required to be paid to the Qianhai Authority and the Group will recognize a profit before taxation for 2017 amounting to approximately HK\$2,840 million (approximately RMB2,440 million). Compensation for the consolidation and preparation of the Group’s remaining land sites in Qianhai will be received as and when appropriate in accordance with the overall planning of the Qianhai Authority.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company wishes to inform the Shareholders and potential investors that, based on its preliminary review of the latest unaudited consolidated management accounts of the Group and the profit that will be recognized in respect of the Group's Qianhai Project as disclosed in this announcement, it is expected that the Group will experience a substantial increase of approximately 60% in its profit before taxation for the year ended 31 December 2017 as compared with the corresponding period in 2016. Such expected increase is mainly attributable to the recognition of profit before taxation for 2017 of approximately HK\$2,840 million (approximately RMB2,440 million) pursuant to the supplemental agreement to the land consolidation and preparation framework agreement entered into by the Group.

Updates on the progress of the Qianhai Project

Reference is made to the announcement of the Company dated 13 October 2017 whereby Shenzhen International West Logistics Co., Ltd (深圳市深國際西部物流有限公司), a wholly-owned subsidiary of the Company, and the Urban Planning Land and Resources Commission of the Shenzhen Municipality (深圳市規劃和國土資源委員會) ("Shenzhen UPLRC") and 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") entered into a supplemental agreement to the land consolidation and preparation framework agreement in respect of the Group's Qianhai Project.

Pursuant to the Supplemental Agreement, the parties agreed to carry out compensation for land consolidation and preparation by way of land swap in equivalent values, and compensation in relation to consolidation and preparation of the land parcels owned by the Group in Qianhai shall be conducted in accordance with the following major principles:

1. The benchmark date for assessing the land values

In respect of the land consolidation and preparation, the benchmark date of assessment of the value of the land under the previous and new land use arrangements shall be 1 January 2015, which shall also be the commencement date of the term of land use in respect of the land swap. The term of land use shall be the maximum term of years permissible under national regulations.

2. The assessed land value

The land value in relation to the previous land use arrangements shall be the mean of the value arrived at in the assessment jointly commissioned by Shenzhen UPLRC and the Qianhai Authority and the value arrived at in the assessment commissioned by the Group. The value thus ascertained shall be attributed to the Group in full.

The land value under the new land use arrangements shall be the value arrived at in the assessment jointly commissioned by Shenzhen UPLRC and the Qianhai Authority. The remaining balance of the assessed land value under the new land use arrangements in excess of such assessed land value of the previous land use arrangements by reference to the above benchmark date (the "Land Appreciation Gain") shall be shared between the Qianhai Authority and the Group.

3. The principle for the sharing of Land Appreciation Gain

The Qianhai Authority and the Group shall be entitled to 60% and 40%, respectively, of the Land Appreciation Gain within the scope of land consolidation and preparation after deduction of 5% of the Land Appreciation Gain as fixed costs pursuant to governmental policy requirements.

The parties agreed that, under the new land use arrangements, the value of compensation determined in accordance with the aforesaid principles shall be fulfilled by the swap of land use rights in equivalent values with the Group.

Recognition of Profit before Taxation for 2017 pursuant to the Supplemental Agreement

In accordance with the principles set out in the Supplemental Agreement as described above and based on the assessments conducted by the parties thereby under the new and previous land use arrangements, the aggregate value of land sites under the new land use arrangements in Qianhai to which the Group is entitled to compensation is amounted to approximately HK\$9,730 million (approximately RMB8,370 million). It shall be compensated through the obtaining of land sites in Qianhai under the new land use arrangements by way of swap of land sites in equivalent values, with 1 January 2015 as the benchmark date for ascertaining land prices. As at 30 June 2017, the book value of the land use rights relating to the Group's Qianhai Project is amounted to approximately HK\$200 million (approximately RMB170 million).

In connection therewith, the profit-oriented land site with an area of approximately 38,800 square metres in Qianhai Shenzhen-Hong Kong Cooperation Area obtained by the Group on 2 December 2016 as the First Phase of Qianhai Project represents the Group's first compensated land site under the new land use arrangements, being a part of the swap of land sites in respect of the aforesaid aggregate amounts of land compensation. Therefore, its original land cost of approximately HK\$2,870 million (approximately RMB2,470 million) is no longer required to be paid to the Qianhai Authority. This is able to meet the requirements for the recognition of income received as compensation under the applicable Hong Kong accounting standards. Following the entering into of the Supplemental Agreement, the Group will recognize profit before taxation for 2017 amounting to approximately HK\$2,840 million (approximately RMB2,440 million).

Compensation for the consolidation and preparation of the Group's remaining land sites in Qianhai will be received as and when appropriate in accordance with the overall planning of the Qianhai Authority, and will be recognized as profit by the Group following the execution of the respective land swap agreements when the relevant amount can be reliably measured.

The board of directors of the Company is of the view that, the compensation for the land consolidation and preparation in the Qianhai Project will generate land value of approximately HK\$9,730 million (approximately RMB8,370 million) for the Group, the land price in the Qianhai area has increased substantially over a period of close to three years since 1 January 2015 and the Qianhai area holds out broad prospects for development in future as an important component of the nation's Bay Area development strategy. As such, in addition to the land appreciation gain of the land sites of the Qianhai Project, it is expected that considerable economic return will be generated for the Shareholders through land development in the Qianhai Project in the future.

The information as contained in this announcement is only based on the preliminary review by the Company on the unaudited consolidated management accounts of the Group and the information currently available, and is not based on any information audited by the auditor of the Company. The financial results of the Group for the year ended 31 December 2017 is expected to be announced in late March 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 December 2017

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. Leung Ming Yuen, Simon, Ding Xun, Nip Yun Wing and Dr. Yim Fung, JP as independent non-executive directors.

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.86. 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 be exchanged at this or any other rates or at all.