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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
IN RELATION TO
THE COMPENSATED EXPROPRIATION OF CERTAIN PROPERTIES
OF
PHASE TWO OF THE NANJING XIBA PORT**

THE EXPROPRIATION AND COMPENSATION AGREEMENT

On 9 August 2019, Nanjing Xiba Port Co. and Jiangbei Committee entered into the Expropriation and Compensation Agreement, pursuant to which Jiangbei Committee will expropriate the Properties (including port terminals and their ancillary facilities, depots and their ancillary facilities, etc.) of Nanjing Xiba Port Co. for a total compensation amount of RMB1,500 million (approximately HK\$1,685 million).

**REASONS FOR AND BENEFITS OF ENTERING INTO OF THE
EXPROPRIATION AND COMPENSATION AGREEMENT**

The Board considers that the continuing operation and long-term development of Nanjing Xiba Port Co. would be adversely affected by the implementation of Nanjing Xianxin Road Cross-river Channel Development Plan, and the Expropriation and Compensation Agreement offers Nanjing Xiba Port Co. a fair compensation (and a fair gain arising on the Expropriation). The disposal of the Properties by Nanjing Xiba Port Co. will provide additional working capital to the Group which may be utilized for investment in new projects.

The scope of the Expropriation is limited to Phase 2 project of the Nanjing Xiba Port, and does not concern Phase 1 project of the Nanjing Xiba Port. On the whole, the Expropriation would have limited impact on the current overall operations of the Group's Nanjing Xiba Port project. The Group would expedite the process of seeking acquisition and investment opportunities for new ports or shorelines, and explore other opportunities in the port business as they may arise.

LISTING RULES IMPLICATIONS

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

BACKGROUND

The port business of the Group includes Phase 1 project and Phase 2 project of the Nanjing Xiba Port. Phase 1 project of the Nanjing Xiba Port comprises two general bulk cargo terminals each with a 70,000-tonnage capacity and depots with a site area of 0.4 million square meters. Phase 2 project of the Nanjing Xiba Port comprises one general bulk cargo terminal with a 50,000-tonnage capacity, two general bulk cargo terminals each with a 70,000-tonnage capacity and depots with a site area of 0.43 million square meters. The Nanjing Xiba Port projects provide various services such as loading and unloading, lightering, train loading and automobile loading. Phase 2 project of the Nanjing Xiba Port is constructed, managed and maintained by Nanjing Xiba Port Co.

Pursuant to the Overall Urban Planning of Nanjing City (2011-2020)* (《南京市城市總體規劃(2011-2020年)》) and the Overall Planning of Nanjing Jiangbei New District (2014-2030)* (《南京江北新區總體規劃(2014-2030年)》), the Nanjing Xianxin Road Cross-river Channel Development Plan is a key municipal construction plan of Nanjing City, under which the bridge construction is to be undertaken in the area of the depots of Phase 2 project of the Nanjing Xiba Port Co., and the anchoring of the bridge is planned to be located near the center of such depots. It is estimated that the operations and functions of the depots would be affected significantly. In light of this, after negotiation by the Group with Jiangbei Committee, on 9 August 2019, Nanjing Xiba Port Co. and Jiangbei Committee entered into the Expropriation and Compensation Agreement, pursuant to which Jiangbei Committee will expropriate the Properties (including port terminals and their ancillary facilities, depots and their ancillary facilities, etc.) of Nanjing Xiba Port Co. for a total compensation amount of RMB1,500 million (approximately HK\$1,685 million).

EXPROPRIATION AND COMPENSATION AGREEMENT

The principal terms of the Expropriation and Compensation Agreement are set out as follows:

Date	9 August 2019
Parties	The expropriatee: Nanjing Xiba Port Co. The expropriator: Jiangbei Committee
Properties to be transferred	All of the operating tangible assets under the control of Nanjing Xiba Port Co. as at 30 April 2019, including port terminals and their ancillary facilities, depots and their ancillary facilities, loading and unloading equipment and machinery, tools and equipment, and buildings, etc.

Arrangement for transfer in two stages

Stage 1: completion of the transfer of the depots area which are requisite for the construction of the anchor block of the bridge in the Nanjing Xianxin Road Cross-river Channel Development Plan, as to which specifics are to be further confirmed with the construction unit in accordance with the construction plan (the “**Stage 1 Transfer**”). Stage 2: completion of the transfer of the rest of the Properties (the “**Stage 2 Transfer**”)

Compensation Amount

RMB1,500 million (approximately HK\$1,685 million) in aggregate, to be payable by Jiangbei Committee to Nanjing Xiba Port Co. in three instalments:

- (i) 30% of the total Compensation Amount (being RMB450 million (approximately HK\$506 million)) shall be payable within 30 days from the effective date of the Expropriation and Compensation Agreement. Within 60 days after the receipt of such instalment by Nanjing Xiba Port Co., Nanjing Xiba Port Co. shall complete the Stage 1 Transfer;
- (ii) 40% of the total Compensation Amount (being RMB600 million (approximately HK\$673 million)) shall be payable on or before 30 June 2020. Subject to receipt of such instalment by Nanjing Xiba Port Co., Nanjing Xiba Port Co. shall complete the Stage 2 Transfer on or before 31 July 2020; and
- (iii) the remaining 30% of the total Compensation Amount (being RMB450 million (approximately HK\$506 million)) shall be payable on or before 31 August 2020, subject to the completion of the Stage 1 Transfer and the Stage 2 Transfer by Nanjing Xiba Port Co.

Upon the receipt of the full payment of the total Compensation Amount by Nanjing Xiba Port Co., the title to the Properties shall be vested in Jiangbei Committee.

The total Compensation Amount was arrived at by the parties after arm’s length negotiation on normal commercial terms with reference to a number of considerations including, among others, the compensation amount for comparable ports expropriated in Nanjing along the Yangtze River and the prospects for the port business in the Nanjing Xiba Port area.

Transfer of land rights

The rights to the underlying land of the depots in the Properties shall be transferred to Jiangbei Committee on an as is basis and Nanjing Xiba Port Co. shall not be obliged to make the payment for the remaining premium for the land.

Priority rights

Following the transfer of the Properties, Jiangbei Committee shall ensure that Nanjing Xiba Port Co. has the priority rights to lease and use the ports in the Properties.

Other principal terms

- (i) Jiangbei Committee shall assist Nanjing Xiba Port Co. to procure alternative ports at the lower reaches of the Yangtze River for use and shall coordinate relevant government authorities to provide support.
- (ii) Jiangbei Committee shall proactively assist Nanjing Xiba Port Co. and coordinate the tax authorities of Nanjing City and Jiangbei District to ensure that Nanjing Xiba Port Co. be able to enjoy relevant policy tax incentives for relocation.
- (iii) Jiangbei Committee shall, to the extent possible, coordinate local corporations to arrange for priority to be given in their recruitment process to the re-employment of the employees of Nanjing Xiba Port Co.

FINANCIAL IMPACT OF THE EXPROPRIATION ON THE GROUP AND USE OF PROCEEDS

As at 30 April 2019, the net book value of the Properties was approximately RMB544 million (approximately HK\$611 million). Based on the information available, the Group expects to record a net gain after taxation of approximately RMB700 million (approximately HK\$787 million) from the Expropriation, being the difference between (i) the total Compensation Amount and (ii) the sum of the net book value of the Properties and the estimated expenses to be incurred. The calculations are only estimates provided for illustrative purposes. Shareholders should note that the actual amount of gain on the Expropriation to be recorded by the Group will be subject to review by the auditors of the Company.

The proceeds from the Expropriation will be used for potential acquisitions or investment and as general working capital of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE EXPROPRIATION AND COMPENSATION AGREEMENT

Pursuant to the Overall Urban Planning of Nanjing City (2011-2020)* (《南京市城市總體規劃(2011-2020年)》) and the Overall Planning of Nanjing Jiangbei New District (2014-2030)* (《南京江北新區總體規劃(2014-2030年)》), the Nanjing Xianxin Road Cross-river Channel Development Plan is a key municipal construction plan of Nanjing City, under which the bridge construction is to be undertaken in the area of the depots of Nanjing Xiba Port Co., and the anchoring of the bridge is planned to be located near the center of such depots. It is estimated that the operations and functions of the depots would be affected significantly.

Having considered the following factors, the Board considers that entering into of the Expropriation and Compensation Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Expropriation and Compensation Agreement are fair and reasonable:

- (i) the Company would fulfill its social responsibility by assisting the local government in the implementation of the infrastructure development plan;
- (ii) the continuing operation and long-term development of Nanjing Xiba Port Co. would be adversely affected by the implementation of Nanjing Xianxin Road Cross-river Channel Development Plan;
- (iii) the Expropriation and Compensation Agreement offers Nanjing Xiba Port Co. a fair compensation (and a fair gain arising on the Expropriation) and the disposal of the Properties by Nanjing Xiba Port Co. will provide additional working capital to the Group which may be utilized for investment in new projects; and
- (iv) the Expropriation and Compensation Agreement also ensures that Nanjing Xiba Port Co. be granted priority rights to lease and use the ports in the Properties, and that local government authorities will assist Nanjing Xiba Port Co. to procure alternative ports at the lower reaches of the Yangtze River and provide support.

The scope of the Expropriation is limited to Phase 2 project of the Nanjing Xiba Port, and does not concern Phase 1 project of the Nanjing Xiba Port. On the whole, the Expropriation would have limited impact on the current overall operations of the Group's Nanjing Xiba Port project. The Group would expedite the process of seeking acquisition and investment opportunities for new ports or shorelines, and explore other opportunities in the port business as they may arise.

GENERAL INFORMATION

The Group is principally engaged in logistic and toll road business. The Group carried out the investment, construction and operation of logistic infrastructure facilities through expansion, mergers and acquisitions, restructuring and consolidation, and provided various value-added logistic services to customers. The Group has established an industrial structure with modern logistic and toll road business as its core. Meanwhile, the Group expanded the scope of business to a number of market segments including comprehensive development of lands related to the logistics industry, and investment in and operation in the environmental protection industry.

Nanjing Xiba Port Co. is a non-wholly owned subsidiary of the Company, owned as to 70% by the Group, as to 15% by Nanjing Port (Group) Co. Ltd* (南京港(集團)有限公司), and as to 15% by Nanjing Jiangbei New District Construction & Investment Group Co. Ltd.*(南京江北新區建設投資集團有限公司). It principally engages in the construction, operation and management of Phase 2 project of the Nanjing Xiba Port.

Jiangbei Committee is a governmental administrative institution under the Nanjing Jiangbei New District Direct Management Area* (南京江北新區直管區) of Jiangsu Province, the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Jiangbei Committee is a third party independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Company”	Shenzhen International Holdings Limited (深圳國際控股有限公司), a company incorporated in Bermuda and listed on the main board of the Stock Exchange of Hong Kong (Stock Code 152)
“Compensation Amount”	RMB1,500 million (approximately HK\$1,685 million) in aggregate, being the compensation amount payable by Jiangbei Committee to Nanjing Xiba Port Co. pursuant to the Expropriation and Compensation Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Expropriation”	the expropriation of the Properties as contemplated under the Expropriation and Compensation Agreement
“Expropriation and Compensation Agreement”	the expropriation and compensation agreement dated 9 August 2019 entered into between Jiangbei Committee and Nanjing Xiba Port Co.
“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 People’s Republic of China
“Jiangbei Committee”	Nanjing Jiangbei New District Management Committee* (南京市江北新區管理委員會), a governmental administrative institution under Nanjing Jiangbei New District Direct Management Area* (南京江北新區直管區) of Jiangsu Province, the PRC
“Jiangbei District”	Nanjing Jiangbei New District* (南京市江北新區), a district of Nanjing City, Jiangsu Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Xianxin Road Cross-river Channel Development Plan”	Nanjing Xianxin Road Cross-river Channel Development Plan* (南京市仙新路過江通道項目), an infrastructure development plan undertaken by the Nanjing Municipal People’s Government of the PRC and a key construction project in Nanjing City, the PRC
“Nanjing Xiba Port”	Nanjing Xiba Port* (南京西壩碼頭), located in the Nanjing Chemical Industrial Park of Nanjing City, Jiangsu Province, the PRC and where the Group engages in its port business
“Nanjing Xiba Port Co.”	Nanjing Xiba Port Co., Ltd.* (南京西壩港務有限公司), a non-wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Properties”	the entirety of the operating tangible assets under the control of Nanjing Xiba Port Co. as at 30 April 2019 to be transferred to Jiangbei Committee pursuant to the Expropriation and Compensation Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

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

Hong Kong, 9 August 2019

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. Ding Xun, Nip Yun Wing, Dr. Yim Fung, JP and Professor Cheng Tai Chiu, Edwin as independent non-executive directors.

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.89. 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 have been exchanged at this or any other rates or at all.

** The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*