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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)



深圳高速公路股份有限公司
SHENZHEN EXPRESSWAY COMPANY LIMITED
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00548)

CONTINUING CONNECTED TRANSACTION

JOINT ANNOUNCEMENT
ENTRUSTED MANAGEMENT OF 89.93% EQUITY INTEREST IN
SHENZHEN LONGDA EXPRESSWAY COMPANY LIMITED

ENTRUSTED MANAGEMENT AGREEMENT

The respective board of directors of SZ International and SZ Expressway (a 50.889%-owned subsidiary of SZ International) are pleased to announce that on 29 December 2011, SZ Expressway entered into the Entrusted Management Agreement with Shenzhen Baotong Highway Construction and Development Limited (“Baotong Company”), a wholly-owned subsidiary of SZ International, pursuant to which Baotong Company will entrust SZ Expressway to manage its 89.93% equity interest in Shenzhen Longda Expressway Company Limited (“Longda Company”). The term of the Entrusted Management Agreement will commence on 1 January 2012 and expire on 31 December 2013.

The major duties undertaken by SZ Expressway pursuant to the Entrusted Management Agreement include (but not limited to) exercising the management rights of Longda Company and nomination or recommendation of directors, supervisors and senior management of Longda Company. Pursuant to the Entrusted Management Agreement, the entrusted management fees are calculated on an annual basis at RMB18 million (approximately HK\$21.95 million). The entrusted management fees were arrived at after arm’s length negotiation between Baotong Company and SZ Expressway with reference to SZ Expressway’s experience in operation management of toll highways.

REASONS AND BENEFITS FOR THE TRANSACTION

Operation management of toll highways is an ordinary and usual course of business of SZ Expressway. By the Transaction, SZ Expressway will leverage its more than ten years of relevant professional experience and strength in operation management of toll highways, export the management experience and gain reasonable income and returns. The entering into the Entrusted Management Agreement will enable SZ International to leverage on SZ Expressway’s extensive experience and expertise in operating and management of toll highways so that Longda Expressway (龍大高速公路) will be operated and managed in an efficient and well-organised manner, which in turn will result in mutual benefits of SZ International and SZ Expressway.

GENERAL INFORMATION

Baotong Company is a wholly-owned subsidiary of SZ International which holds in aggregate over 50% equity interest in SZ Expressway and hence, Baotong Company is a connected person of SZ Expressway within the meaning of the Listing Rules and the Transaction constitutes a continuing connected transaction of SZ Expressway.

As applicable percentage ratios of the Transaction calculated on an annual basis for SZ Expressway are more than 0.1% but less than 5%, pursuant to Rule 14A.34 of the Listing Rules, the Transaction is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. SZ Expressway will comply with the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

The Transaction does not constitute a notifiable transaction of SZ International under Chapter 14 of the Listing Rules. The directors of SZ International, however, wish to make a voluntary disclosure of the Transaction to inform the shareholders of SZ International of the details of the same.

Reference is made to the joint announcement dated 28 December 2009 of SZ International and SZ Expressway in relation to, among other things, the entrustment of the operation management of 89.93% equity interest in Longda Company to SZ Expressway, the term of the related entrusted operation management agreement will expire on 31 December 2011.

ENTRUSTED MANAGEMENT AGREEMENT

Date:

29 December 2011

Parties:

1. SZ Expressway; and
2. Baotong Company, a wholly-owned subsidiary of SZ International.

Term:

From 1 January 2012 to 31 December 2013. The term may be extended upon expiry by negotiation between both parties.

Content of the Agreement:

Pursuant to the Entrusted Management Agreement, Baotong Company will entrust SZ Expressway to manage the operation of its 89.93% equity interest in Longda Company. The major duties undertaken by SZ Expressway pursuant to the Entrusted Management Agreement include (but not limited to):

1. exercising the management rights of Longda Company pursuant to the authorisation of Baotong Company and terms of the articles of association of Longda Company, ensuring the normal operation of Longda Company, and giving advice to Baotong Company after reviewing material matters such as amendments to the articles of association, financial budget, material expenditure (other than the expenses in relation to usual operation management of Longda Company), while the rights including the above-mentioned material matters as well as proposal of distribution of profits and fund allocation of Longda Company will be exercised by Baotong Company pursuant to the terms of the articles of association of Longda Company;
2. nomination or recommendation of directors, supervisors and other senior management of Longda Company pursuant to the authorisation of Baotong Company and the terms of the articles of association of Longda Company;
3. strengthening daily operation management of Longda Expressway, ensuring normal operations of toll collection, and maintenance of Longda Expressway in an orderly manner, and strictly controlling and reducing on best effort basis the costs of Longda Company;
4. dealing with affairs in relation to final accounts of the completed works of Longda Expressway; and
5. making efforts to procure profits distribution of Longda Company in accordance with the methods and schedule as decided by Baotong Company, and reasonable fund allocation of Longda Company as instructed by Baotong Company.

According to the Entrusted Management Agreement, management of Longda Company by SZ Expressway shall be supervised and examined by Baotong Company and SZ Expressway shall accept reasonable recommendation and request of Baotong Company.

During the term of the Entrusted Management Agreement, the operational costs and expenses, income and benefits, risk of loss, debts and legal liabilities of Longda Company shall be solely enjoyed or borne by Longda Company.

Entrusted management fees:

Pursuant to the Entrusted Management Agreement, the entrusted management fees are calculated on an annual basis at RMB18 million (approximately HK\$21.95 million). The fees will be paid in cash by Baotong Company by instalments to SZ Expressway. The entrusted management fees of RMB9 million (approximately HK\$10.98 million) are payable on or before 30 June and 31 December each year respectively. The above entrusted management fees were determined after arm's length negotiation between Baotong Company and SZ Expressway with reference to SZ Expressway's experience in operation management of toll highways.

REASONS AND BENEFITS FOR THE TRANSACTION

The only investment of Baotong Company is an 89.93% equity interest in Longda Company. Longda Company is principally engaged in toll collection, maintenance, management and development of Longda Expressway (Longhua, Shenzhen – Dalingshan, Dongguan), a dual six-lane expressway measuring approximately 28 kilometres. Operation management of toll highways is an ordinary and usual course of business of SZ Expressway. By the Transaction, SZ Expressway will leverage its more than ten years of relevant professional experience and strength in operation management of toll highways, export the management experience and gain reasonable income and returns. The entering into the Entrusted Management Agreement will enable SZ International to leverage on SZ Expressway's extensive experience and expertise in operating and management of toll highways so that Longda Expressway will be operated and managed in an efficient and well-organised manner, which in turn will result in mutual benefits of SZ International and SZ Expressway.

The directors of SZ Expressway consider that entering into the Entrusted Management Agreement is in line with SZ Expressway's overall strategy in the investment, construction, operation and management of toll highways and roads and the Transaction will consolidate and enhance the competitiveness of above core business of SZ Expressway and will contribute profits to SZ Expressway.

The terms of the Entrusted Management Agreement were entered into on normal commercial terms after arm's length negotiation. The directors of SZ Expressway (including independent non-executive directors of SZ Expressway) consider that the terms of the Entrusted Management Agreement are fair and reasonable and the Transaction is in the interests of SZ Expressway and the shareholders of SZ Expressway as a whole.

INFORMATION OF SZ EXPRESSWAY

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

INFORMATION OF SZ INTERNATIONAL AND BAOTONG COMPANY

SZ International and its subsidiaries are 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. Baotong Company's only investment is the holding of 89.93% equity interest of Longda Company. Longda Company is principally engaged in the operation and management of Longda Expressway.

GENERAL INFORMATION

Baotong Company is a wholly-owned subsidiary of SZ International which holds in aggregate over 50% equity interest in SZ Expressway. As defined under the Listing Rules, Baotong Company is a connected person of SZ Expressway and the Transaction constitutes a continuing connected transaction of SZ Expressway.

As applicable percentage ratios of the Transaction calculated on an annual basis for SZ Expressway are more than 0.1% but less than 5%, pursuant to Rule 14A.34 of the Listing Rules, the Transaction is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. SZ Expressway will comply with the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules.

The Transaction does not constitute a notifiable transaction of SZ International under Chapter 14 of the Listing Rules. The directors of SZ International, however, wish to make a voluntary disclosure of the Transaction to inform the shareholders of SZ International of the details of the same.

ANNUAL REVIEW OF THE TRANSACTION

SZ Expressway will comply with the requirements of annual review related to the Transaction required under Rules 14A.37 to 14A.40 of the Listing Rules during the respective fiscal years.

DEFINITIONS

“Baotong Company”	深圳市寶通公路建設開發有限公司(Shenzhen Baotong Highway Construction and Development Limited), a limited liability company incorporated in the PRC and is wholly-owned by SZ International
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Entrusted Management Agreement”	the entrusted operation management agreement in respect of the Transaction entered into between Baotong Company and SZ Expressway on 29 December 2011
“HK\$”	Hong Kong dollars, 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
“Longda Company”	深圳龍大高速公路有限公司(Shenzhen Longda Expressway Company Limited), a limited liability company incorporated in the PRC and the 89.93% equity interest of which is owned by Baotong Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SZ 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
“SZ International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the entrustment of the management of 89.93% equity interest in Longda Company by Baotong Company to SZ Expressway

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, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.82=HK\$1.00 for illustration purpose only. No representation is made to the effect that any amount in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Shenzhen International Holdings Limited
Guo Yuan
Chairman

By Order of the Board
Shenzhen Expressway Company Limited
Yang Hai
Chairman

Shenzhen, PRC, 29 December 2011

As at the date of this announcement, the board of directors of SZ International consists of Messrs. Guo Yuan, Li Jing Qi, Liu Jun and Yang Hai as executive directors, Mr. Wang Dao Hai and Professor Wong Yuk Shan, BBS, JP as non-executive directors and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive directors.

As at the date of this announcement, the directors of SZ Expressway are Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Executive Director and President), Mr. Li Jing Qi (Non-executive Director), Mr. Zhao Jun Rong (Non-executive Director), Mr. Tse Yat Hong (Non-executive Director), Mr. Lin Xiang Ke (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Lam Wai Hon, Ambrose (Independent non-executive Director), Mr. Ting Fook Cheung, Fred (Independent non-executive Director), Mr. Wang Hai Tao (Independent non-executive Director) and Mr. Zhang Li Min (Independent non-executive Director).