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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 subsidiary of SZ International held as to approximately 52%) are pleased to announce that on 28 December 2018, SZ Expressway entered into the Entrusted Management Agreement with 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 Longda Company. The term of the Entrusted Management Agreement will commence on 1 January 2019 and expire on 31 December 2019.

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 RMB8.77 million (approximately HK\$9.966 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 and the historical entrusted management fees.

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 of 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 Company 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.76 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 and the annual review requirements under Chapter 14A 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 30 December 2015 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 2015 Entrusted Management Agreement will expire on 31 December 2018.

ENTRUSTED MANAGEMENT AGREEMENT

Date: 28 December 2018

Parties: SZ Expressway; and
Baotong Company, a wholly-owned subsidiary of SZ International

Term: From 1 January 2019 to 31 December 2019

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 entrusted management rights of Longda Company pursuant to the authorisation of Baotong Company and the terms of the articles of association of Longda Company, ensuring the normal operation of Longda Company;
2. giving advice to Baotong Company after reviewing material matters such as amendments to the articles of association, adjustment of accounting policies, formulation of financial budget, material expenditure (other than the expenses in relation to daily operation management of Longda Company) and fund allocation, while the rights including the above-mentioned matters as well as the proposal of distribution of profits of Longda Company will be exercised by Baotong Company pursuant to the terms of the articles of association of Longda Company;

3. nomination or recommendation of directors, supervisors and other senior management of Longda Company, convening of the meetings of the shareholders, board of directors and supervisors of Longda Company and exercise of the related rights pursuant to the authorisation of Baotong Company and the terms of the articles of association of Longda Company;
4. strengthening daily operation management of Longda Expressway (龍大高速公路), 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;
5. dealing with affairs in relation to final accounts of the completed works of Longda Expressway; and
6. making efforts to procure profits distribution of Longda Company in accordance with the distribution 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 RMB8.77 million (approximately HK\$9.966 million). The fees will be paid in cash by Baotong Company by instalments to SZ Expressway. The entrusted management fees of RMB4.385 million (approximately HK\$4.983 million) are payable on or before 30 June and 31 December 2019 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 and the historical entrusted management fees.

Historical entrusted management fees

Pursuant to the 2015 Entrusted Management Agreement, Baotong Company paid an annual entrusted management fees of RMB18 million (approximately HK\$20.45 million) for the three years ended 31 December 2018.

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. Pursuant to previous agreement between the Transport Commission and Longda Company, the fee entitlement right of the 23.8 kilometres section of the Longda Expressway from the starting point of the Longda Expressway to the Nanguang ramp (the "Longda Shenzhen Section") will be returned to the Transport Commission since 1 January 2019 and the Transport Commission will implement toll-free for the Longda Shenzhen Section. Longda Company will no longer have the fee entitlement right of Longda Shenzhen Section and will not be responsible for the management and maintenance of the Longda Shenzhen Section. As such, Longda Company shall manage the remaining 4.4 kilometers of Longda Expressway since 1 January 2019.

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 of 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 Company 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.

SZ Expressway had convened a meeting of the board of directors for consideration and approval of the Transaction. Mr. HU Wei, Ms. CHEN Yan, Mr. FAN Zhi Yong and Mr. CHEN Kai, directors holding positions in SZ International and/or its subsidiaries (excluding SZ Expressway), had declared their interests in accordance with the requirements and had not participated in voting on the relevant resolution. The resolution was unanimously approved by other directors.

The directors of SZ Expressway consider that the 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 the 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, as well as other urban and transportation infrastructure facilities which is a subsidiary of SZ International held as to approximately 52%.

INFORMATION OF SZ INTERNATIONAL, BAOTONG COMPANY AND LONGDA 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 and information services platform. 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.76 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 Chapter 14A 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 Chapter 14A of the Listing Rules during the fiscal year.

DEFINITIONS

“2015 Entrusted Management Agreement”	the entrusted operation management agreement in respect of the entrustment of the management of 89.93% equity interest in Longda Company for three years ended 31 December 2018 entered into between Baotong Company and SZ Expressway on 30 December 2015
“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 28 December 2018
“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
“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 from 1 January 2019 to 31 December 2019 by Baotong Company to SZ Expressway
“Transport Commission”	深圳市交通運輸委員會 (the Transport Commission of Shenzhen Municipality)

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 RMB0.88=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
Tam Mei Mei
Company Secretary

By Order of the Board
Shenzhen Expressway Company Limited
Luo Kun
Joint Company Secretary

Shenzhen, PRC, 28 December 2018

As at the date of this announcement, the board of directors of SZ International 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.

As at the date of this announcement, the directors of SZ Expressway are Mr. HU Wei (Executive Director and Chairman of the Board), Mr. LIAO Xiang Wen (Executive Director and President), Ms. CHEN Yan (Non-executive Director), Mr. FAN Zhi Yong (Non-executive Director), Mr. CHEN Yuan Jun (Non-executive Director), Mr. CHEN Kai (Non-executive Director), Mr. CAI Shu Guang (Independent non-executive Director), Mr. WAN Siu Wah Wilson (Independent non-executive Director), Ms. CHEN Xiao Lu (Independent non-executive Director) and Mr. BAI Hua (Independent non-executive Director).