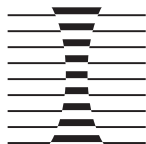


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

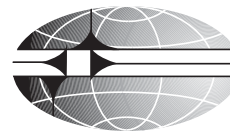


**SHENZHEN INTERNATIONAL HOLDINGS LIMITED**

**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)**

## **CONNECTED TRANSACTION**

### **JOINT ANNOUNCEMENT**

### **ENTRUSTED CONSTRUCTION AGREEMENT IN RELATION TO THE LONGHUA EXTENSION OF SHENZHEN LONGDA EXPRESSWAY**

#### **ENTRUSTED CONSTRUCTION AGREEMENT**

The boards of directors of Shenzhen International and Shenzhen Expressway are pleased to announce that on 20 May 2009, Yibin Industrial (Shenzhen) Company Limited (as the obligee), Shenzhen Baotong Highway Construction and Development Limited (as the entrusting party) (both being wholly-owned subsidiaries of Shenzhen International) and Shenzhen Expressway (as the entrusted party) (being a 50.021%-owned subsidiary of Shenzhen International) entered into the Entrusted Construction Agreement, pursuant to which Baotong Company has entrusted Shenzhen Expressway to construct Longhua Extension of Shenzhen Longda Expressway, which is located at Baoan District, Shenzhen City, starting from Yuanfen Footbridge of Bulong Highway, ending at and interconnected with Longda Expressway, with the length of approximately 1.949 kilometres. The construction period will be 24 months from the date of the Entrusted Construction Agreement.

Pursuant to the Entrusted Construction Agreement, Shenzhen Expressway, as the entrusted constructor, will be responsible for the construction management of Longda Extension. Baotong Company, as the entrusting party, will be responsible for the funding of the construction costs.

Pursuant to the Entrusted Construction Agreement, total entrusted construction management fee includes an entrusted construction management fee and an incentive payment on saving of construction costs (if any). The basic entrusted construction management fee is RMB5,000,000 (approximately HK\$5,678,592). Based on reasonable judgment after taking into account of the terms of the Entrusted Construction Agreement and the scale of Longhua Extension, the directors of Shenzhen Expressway are of the view that the incentive payment on saving of construction costs (if any) shall not exceed RMB5,000,000 (approximately HK\$5,678,592).

The total entrusted construction management fee may be adjusted upwards or downwards for change in or delay in the project or the contractual performance of Shenzhen Expressway. These terms for adjustment were entered into on normal commercial terms.

### **REASONS AND BENEFITS FOR THIS TRANSACTION**

Entrusted construction management of toll roads is an ordinary and usual course of business of Shenzhen Expressway. Shenzhen Expressway can leverage the Entrusted Construction to further develop the business of entrusted construction management of roads, and generate reasonable income and return by exporting professional skills and experience accumulated in the construction management of roads. Through the Entrusted Construction, Shenzhen International will achieve perfection of the facilities of Longda Expressway and improve transportation network in the surrounding areas.

### **GENERAL**

Baotong Company is a wholly-owned subsidiary of Yibin Company and the holder of 89.93% equity interests in Longda Company. Yibin Company is a wholly-owned subsidiary of Shenzhen International. Shenzhen Expressway is a 50.021%-owned subsidiary of Shenzhen International. According to the definitions set out in the Listing Rules, Yibin Company and Baotong Company are connected persons of Shenzhen Expressway and the Entrusted Construction constitutes a connected transaction of Shenzhen Expressway.

As the applicable ratios (except the profits ratio) of the Entrusted Construction are less than 2.5% for Shenzhen Expressway, Shenzhen Expressway has to comply with the relevant reporting and announcement requirements under the Chapter 14A of the Listing Rules.

The transaction contemplated under the Entrusted Construction Agreement does not constitute a notifiable transaction of Shenzhen International. The directors of Shenzhen International, however, wish to make a voluntary disclosure of the transaction to inform the shareholders of Shenzhen International of the details of the same.

Reference is made to the joint announcement of Shenzhen International and Shenzhen Expressway dated 8 January 2008. Shenzhen Expressway and Yibin Company entered into an entrusted management agreement on 7 January 2008, pursuant to which Yibin Company entrusted Shenzhen Expressway to operate and manage its 100% equity interest in Baotong Company and the 89.93% equity interests in Longda Company. Moreover, on the condition of not in breach of the relevant agreement, Yibin Company also intended to entrust Shenzhen Expressway to manage the construction of Longhua Link of Longda Expressway (i.e. Longhua Extension) etc.. The related preliminary works would be conducted by Shenzhen Expressway with the assistance of Yibin Company. Specific terms and fees of the relevant entrusted construction management are subject to further negotiation between the parties on an arm's length basis. Therefore, the relevant parties entered into the Entrusted Construction Agreement for the above-mentioned entrusted construction management.

## **ENTRUSTED CONSTRUCTION AGREEMENT**

**Date:** 20 May 2009

### **Parties:**

1. Yibin Company (as the obligee);
2. Baotong Company (as the entrusting party); and
3. Shenzhen Expressway (as the entrusted party).

Baotong Company is a wholly-owned subsidiary of Yibin Company and the holder of 89.93% equity interests in Longda Company. Yibin Company is a wholly-owned subsidiary of Shenzhen International. Shenzhen Expressway is an indirect subsidiary of Shenzhen International, which holds approximately 50.021% equity interests in Shenzhen Expressway.

### **The Entrusted Construction:**

Pursuant to the Entrusted Construction Agreement, Baotong Company has entrusted Shenzhen Expressway to construct Longhua Extension. Shenzhen Expressway, as the entrusted constructor, will be responsible for managing the work drawings, land requisition and demolition, management of the preparative period, construction period and defects responsibility period and related settlement and payment etc.. Baotong Company, as the entrusting party, will be responsible for the funding of construction costs.

Longhua Extension is located at Baoan District, Shenzhen City, starting from Yuanfen Footbridge of the Bulong Highway, ending at and interconnected with Longda Expressway, with the length of approximately 1.949 kilometres. The total investment of the project is estimated to be RMB191,900,000 (approximately HK\$217,944,350). The construction period of Longhua Extension will be 24 months from the date of the Entrusted Construction Agreement.

### **Total Entrusted Construction Management Fee:**

Pursuant to the Entrusted Construction Agreement, total entrusted construction management fee includes an entrusted construction management fee and an incentive payment on saving of construction costs (if any).

The basic entrusted construction management fee of RMB5,000,000 (approximately HK\$5,678,592) will be paid to Shenzhen Expressway by Baotong Company in cash by installments:

- (i) 40% of the basic entrusted construction management fee will be paid within 28 days upon signing the Entrusted Construction Agreement;
- (ii) 30% of the basic entrusted construction management fee will be paid within 28 days when the actual construction cost incurred amounts to 30% of the estimated total investment of Longhua Extension under the Entrusted Construction Agreement;
- (iii) 20% of the basic entrusted construction management fee will be paid within 28 days after construction works delivery;
- (iv) the remaining entrusted construction management fee will be paid within 28 days after Baotong Company verifies the total amount of the entrusted construction management fee, which is then submitted to and approved by Yibin Company, the expiry of the project defects responsibility period, and the finalization of the accounts after completion.

The incentive payment on saving construction costs is calculated on the basis of the difference between the Budgeted Construction Costs and the amount of the final accounts of the works (the “Saved Amount”) which will be verified by Baotong Company and confirmed by the contracting parties. If the Saved Amount is within 2.5% (inclusive of 2.5%) of the Budgeted Construction Costs, the whole of the Saved Amount will become the incentive payment. If the Saved Amount is more than 2.5% of the Budgeted Construction Costs, the incentive payment will then be 2.5% of the Budgeted Construction Costs plus 20% of the portion above 2.5% of the Budgeted Construction Costs. The incentive payment on saving construction costs (if any) will be paid in cash by Baotong Company to Shenzhen Expressway after verification.

Based on reasonable judgment after taking into account of the terms of the Entrusted Construction Agreement and the scale of Longhua Extension, the directors of Shenzhen Expressway are of the view that the incentive payment on saving construction costs (if any) will not exceed RMB5,000,000 (approximately HK\$5,678,592).

The total entrusted construction management fee may be adjusted upwards or downwards for change in or delay in the project or the contractual performance of Shenzhen Expressway. These terms for adjustment were entered into on normal commercial terms. If for any reasons the adjustment of total entrusted construction management fee results in the applicable ratios (except the profits ratio) of the Entrusted Construction attaining 2.5%, Shenzhen Expressway shall publish a separate announcement and seek the approval of the independent shareholders in accordance with the requirements of the Listing Rules.

The amount and calculation methods of total entrusted construction management fee were agreed after arm's length negotiation among the parties. Such management fee, including entrusted construction management fee and incentive payment on saving of construction costs, is determined by the parties after taking into account of (i) the terms of the Entrusted Construction Agreement; (ii) the scale of the Entrusted Construction and (iii) past experience of Shenzhen Expressway.

#### **Guarantee of Contractual Performance:**

Shenzhen Expressway will provide a guarantee of contractual performance in the amount of RMB500,000 (approximately HK\$567,859) and will submit the guarantee of contractual performance to Baotong Company in the form of letter of guarantee of contractual performance issued by a bank within 28 days after the signing of the Entrusted Construction Agreement. Baotong Company will return the above-mentioned letter of guarantee of contractual performance to Shenzhen Expressway within 10 working days after the construction works delivery of Longhua Extension is completed.

If Shenzhen Expressway terminates or does not perform the Entrusted Construction Agreement without reasonable cause, Baotong Company is entitled to deduct the actual loss from the amount of the guarantee of contractual performance. If the amount of the guarantee of contractual performance is not sufficient for compensating the loss of Baotong Company, the amount in excess of the guarantee of contractual performance will be negotiated by both parties.

## **REASONS AND BENEFITS FOR SHENZHEN EXPRESSWAY ENGAGING IN THE ENTRUSTED CONSTRUCTION**

Entrusted construction management of roads is an ordinary and usual course of business of Shenzhen Expressway. Shenzhen Expressway can leverage the Entrusted Construction to further develop the business of entrusted construction management of roads, and generate reasonable income and return by exporting professional skills and experience accumulated in the construction management of roads.

## **REASONS AND BENEFITS FOR SHENZHEN INTERNATIONAL ENGAGING IN THE ENTRUSTED CONSTRUCTION**

Shenzhen International considers that in entrusting Shenzhen Expressway as constructor, by fully leveraging the management team of construction of Shenzhen Expressway and its experience in entrusted construction management, the important projects of Longda Expressway will be proceeded in a more efficient and well-organized manner. As a result, it will achieve perfection of the facilities of Longda Expressway and improve transportation network in the surrounding areas.

## **CONSIDERATION OF THIS TRANSACTION BY SHENZHEN EXPRESSWAY**

On 29 August 2008, Shenzhen Expressway held the 18th meeting of the fourth session of the board of directors which considered and approved this transaction and related matters, and authorise Mr. Wu Ya De, an executive director, to sign the Entrusted Construction Agreement and other related documents on behalf of Shenzhen Expressway, and perform acts which in his view are incidental to the completion of the transaction based on the actual situations and progress of the project. Of the 12 directors who should attend the meeting, all attended the meeting in person. Directors Mr. Yang Hai, Mr. Li Jing Qi and Mr. Liu Jun who held positions in connected enterprises declared their interests according to the regulations and abstained from voting. This transaction was unanimously approved by other directors who had no interests. In accordance with the regulatory requirements of the China Securities Regulatory Commission, the independent non-executive directors of Shenzhen Expressway had approved the proposal of this transaction to the board of directors for discussion prior to the meeting, and expressed their opinions in relation to the procedural compliance and fairness of this transaction in the said board meeting. Shenzhen Expressway entered into the Entrusted Construction Agreement with Yibin Company and Baotong Company on 20 May 2009 with the approval of the board of directors and the progress of the preliminary work of the Entrusted Construction.

The directors of the fourth session of the board of directors of Shenzhen Expressway consider that entering into the Entrusted Construction Agreement is in line with Shenzhen Expressway's overall strategy in the investment, construction, operation and management of toll highways and roads and the Entrusted Construction will consolidate and enhance the competitiveness of the above-mentioned core business of Shenzhen Expressway and will contribute profits to Shenzhen Expressway.

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

## **INFORMATION OF SHENZHEN EXPRESSWAY**

Shenzhen Expressway is a 50.021%-owned subsidiary of Shenzhen International which is principally engaged in the investment, construction, operation and management of toll highways and roads.

## **INFORMATION OF SHENZHEN INTERNATIONAL, YIBIN COMPANY AND BAOTONG COMPANY**

Shenzhen International and its subsidiaries are principally engaged in the investment, construction and operation of logistics infrastructure facilities as well as the provision of relevant logistics service, include third-party logistic services and logistic information services. Yibin Company is an indirect wholly-owned subsidiary of Shenzhen International. It is principally engaged in investment holding and owns 100% equity interest in Baotong Company. Baotong Company's only investment is the holding of 89.93% equity interests of Longda Company. Longda Company is principally engaged in the operation and management of Longda Expressway.

## **GENERAL**

According to the definitions set out in the Listing Rules, Yibin Company and Baotong Company are connected persons of Shenzhen Expressway and the Entrusted Construction constitutes a connected transaction of Shenzhen Expressway.

As the applicable ratios (except the profits ratio) of the Entrusted Construction are less than 2.5% for Shenzhen Expressway, Shenzhen Expressway has to comply with the relevant reporting and announcement requirements under the Chapter 14A of the Listing Rules.

The transaction contemplated under the Entrusted Construction Agreement does not constitute a notifiable transaction of Shenzhen International. The directors of Shenzhen International, however, wish to make a voluntary disclosure of the transaction to inform the shareholders of Shenzhen International of the details of the same.

## **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 company incorporated in the PRC with limited liability and is wholly-owned by Yibin Company
“Budgeted Construction Costs”	the amount in the budget documents which are prepared by an entity capable of providing construction cost consultation pursuant to the evaluated work drawings and the existing preparation methods issued by the related PRC authorities, fixed budget, fixed fee, normal construction organization documents and material prices, and verified by both Baotong Company and Shenzhen Expressway and approved by Yibin Company

“connected person”	has the meaning ascribed thereto under the Listing Rules
“Entrusted Construction”	the entrusted construction works entrusted by Baotong Company to Shenzhen Expressway for undertaking Longhua Extension pursuant to the Entrusted Construction Agreement
“Entrusted Construction Agreement”	the entrusted construction agreement entered into by Yibin Company, Baotong Company and Shenzhen Expressway in respect of the Entrusted Construction on 20 May 2009
“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 company incorporated in the PRC with limited liability and the 89.93% equity interest of which is owned by Baotong Company
“Longhua Extension”	the project of Longhua extension of Shenzhen Longda Expressway, which is located at Baoan District, Shenzhen City, starting from Yuanfen Footbridge of the Bulong Highway, ending at and interconnected with Longda Expressway, with the length of approximately 1.949 kilometres
“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
“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 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

“Yibin Company” 怡賓實業（深圳）有限公司 (Yibin Industrial (Shenzhen) Company Limited), a company incorporated in the PRC with limited liability and is wholly-owned by Shenzhen International

*Note: For the purpose of this announcement, the exchange rate used is HK\$ 1 for RMB0.8805.*

By Order of the Board  
**Shenzhen International Holdings Limited**  
深圳國際控股有限公司\*  
**Guo Yuan**  
Chairman

By Order of the Board  
**Shenzhen Expressway Company Limited**  
深圳高速公路股份有限公司  
**Yang Hai**  
Chairman

Hong Kong, 21 May 2009

*As at the date of this announcement, the board of directors of Shenzhen International consists of Messrs. Guo Yuan, Li Jing Qi, Liu Jun and Yang Hai as executive directors, Messrs. To Chi Keung, Simon and Wang Dao Hai 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 Shenzhen 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).*

*\* For identification purpose only*