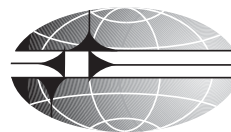


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**Shenzhen International Holdings Limited**  
**深圳國際控股有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code : 00152)**



**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)**

## **JOINT ANNOUNCEMENT DISCLOSEABLE TRANSACTIONS**

### **THE AGREEMENT**

The respective boards of directors of Shenzhen International and Shenzhen Expressway are pleased to announce that Longli Government and Shenzhen Expressway (a 50.889%-owned subsidiary of Shenzhen International) entered into the Agreement on 12 August 2011, pursuant to which Shenzhen Expressway shall carry out the Road Construction Project and the Development Project. For the Road Construction Project, the estimated budget of the construction is approximately RMB600,000,000 (approximately HK\$731,707,000), and Shenzhen Expressway shall be responsible for raising the construction fund, and the construction management of the project by the “Build - Transfer” mode, while Longli Government shall pay to Shenzhen Expressway the Road Construction Funds as agreed in accordance with the Agreement. For the Development Project, Shenzhen Expressway shall provide approximately RMB390,000,000 (approximately HK\$475,610,000) for the primary development of land with an area of approximately 3,000 Mu (approximately 2,000,000 square metres) in a designated area near Guilong Road, while Longli Government shall pay to Shenzhen Expressway the Development Project Funds in accordance with the Agreement.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

Shenzhen Expressway is principally engaged in the investment, construction, operation and management of toll highways and roads, and the construction management capability is one of the major core business capabilities of Shenzhen Expressway. Shenzhen Expressway can thereby further develop its road construction and the related business, solidify and enhance the advantages in the core business of Shenzhen Expressway mentioned above, and further strengthen the overall profitability of Shenzhen Expressway, which is in line with the overall development strategy of Shenzhen Expressway. The participation in the development of the relevant land can lower the risk of recovery of the construction funds, and is also beneficial to the expansion and enrichment of the development direction and experience of Shenzhen Expressway.

As Shenzhen Expressway is a subsidiary of Shenzhen International, the strengthening of Shenzhen Expressway's competitiveness in its business is also beneficial to Shenzhen International as a whole.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios in relation to the Road Construction Project and the Development Project are, in aggregate, under 25%, the Road Construction Project and the Development Project contemplated under the Agreement constitute discloseable transactions for each of Shenzhen International and Shenzhen Expressway pursuant to Chapter 14 of the Listing Rules. Each of Shenzhen International and Shenzhen Expressway shall comply with the notification and announcement requirements as set out in Rule 14.34 of the Listing Rules.

The respective boards of directors of Shenzhen International and Shenzhen Expressway are pleased to announce that Longli Government and Shenzhen Expressway (a 50.889%-owned subsidiary of Shenzhen International) entered into the Agreement on 12 August 2011, pursuant to which Shenzhen Expressway shall carry out the Road Construction Project and the Development Project.

### **THE AGREEMENT**

#### ***Date:***

12 August 2011

#### ***Parties:***

1. Longli Government (pursuant to the Agreement, on behalf of Longli Government and its related administrative departments and public institutions); and
2. Shenzhen Expressway (pursuant to the Agreement, on behalf of Shenzhen Expressway and the project company to be established by Shenzhen Expressway for the implementation of the Agreement).

To the best of the knowledge, information and belief of the respective directors of Shenzhen International and Shenzhen Expressway having made all reasonable enquiries, Longli Government is a third party independent of Shenzhen International and Shenzhen Expressway and their respective connected persons.

#### ***Road Construction Project and Development Project:***

Pursuant to the Agreement, Shenzhen Expressway shall carry out the Road Construction Project and the Development Project. The Road Construction Project is the construction project of phase I of Guilong Road by the "Build – Transfer" mode with an estimated budget of approximately RMB600,000,000 (approximately HK\$731,707,000). The Development Project is the primary development of land with an area of approximately 3,000 Mu (approximately 2,000,000 square metres) in a designated area near Guilong Road in the Longli County, with its expenses for land requisition, demolition and relocation estimated to be approximately RMB390,000,000 (approximately HK\$475,610,000). The proceeds from the sale of land by Longli Government will secure Shenzhen Expressway's recovery of, and return on, the funds for construction and the funds provided by it.

***Major Terms:***

Pursuant to the Agreement, Shenzhen Expressway shall raise the construction funds for the Road Construction Project, be responsible for the construction management of the corresponding project, complete the construction of the road and deliver it to Longli Government after the completion and acceptance; provide funds for the primary development of the land designated pursuant to the Agreement, pay the expenses for land requisition, demolition and relocation of the Development Project timely, and complete the work as agreed. The major terms include:

- (1) To raise funds for and carry out the construction of the Road Construction Project.
- (2) To be responsible for organising the management of phase I of Guilong Road, including mainly without limitation, management in designing period and construction period, organisation of the completion and acceptance of the project, management in default liability period. The road shall be delivered to Longli Government after the completion and acceptance. The total estimated budget for phase I of Guilong Road is approximately RMB1,000,000,000 (approximately HK\$1,219,512,000), among which approximately RMB600,000,000 (approximately HK\$731,707,000) are the estimated budget for the Road Construction Project. The scope of construction of phase I of Guilong Road shall be finalised by the primary design drawings approved by the Development and Reform Bureau of Longli County. The construction period for the project shall be 28 months, starting from 3 months upon the Agreement becoming effective.
- (3) To raise funds and provide the expenses required for the land requisition, demolition and relocation of the Development Project of approximately RMB390,000,000 (approximately HK\$475,610,000) in aggregate, to entrust Longli Government to implement the land requisition, demolition and relocation as well as compensation and resettlement for related land, and to pay the said lump sum (包干) expenses in installments to Longli Government on progress. If the related expenses standard as stated in the Agreement be adjusted by the PRC State during 2012 to 2013, the land requisition, demolition and relocation expenses shall be increased (or decreased) in accordance with the adjusted standard. Shenzhen Expressway may finance for the Development Project by means such as franchising, and has the right to introduce other investors to be responsible for the implementation of the projects.
- (4) To prepare project proposal and relevant application materials, submit the same to Longli Government timely and assist in the application; to commence site preparation and construction of ancillary facilities, if necessary, on the relevant land in accordance with the terms of the Agreement.

Shenzhen Expressway plans to raise the funds needed by its internal funds and borrowings.

Longli Government shall be responsible for handling the respective approval procedures and the land requisition, demolition and relocation related to the Road Construction Project and the Development Project, completing the sale of relevant land on schedule, and paying the Road Construction Funds and the Development Project Funds to Shenzhen Expressway as agreed. The major terms include:

- (1) To be responsible for handling all approval procedures and related administrative permissions required for the construction of the project, and completing all land requisition, demolition and relocation in the area of the construction as agreed; to be responsible for raising the remaining balance of the estimated budget for phase I of Guilong Road of approximately RMB400,000,000 (approximately HK\$487,805,000), and entrust Shenzhen Expressway to manage the corresponding construction. The related matters of the entrusted construction management shall be separately agreed by the parties.
- (2) To be responsible for handling the respective approval procedures and related administrative permissions in relation to the quota of land for construction and development of land in the Development Project, complete all land requisition, demolition and relocation as well as related work within the scope of the Development Project, connecting the municipal basic ancillary facilities to the red line (紅線) of land of the Development Project, and handle the procedures for the sale of land as agreed and completing the sale of land on schedule.
- (3) To pay Shenzhen Expressway the Road Construction Funds and the Development Project Funds in the manner as agreed in the Agreement.

The amount of the Road Construction Funds shall include total amount of project investment, capital cost and agreed return, among which project investment is calculated with reference to the estimated budget for the Road Construction Project, capital cost is compounded calculated with reference to 8% of the project investment, and the agreed return is calculated with reference to 5% of the total of project investment and capital cost. The changes in the amount of expenses incurred by alterations in construction as negotiated and agreed by the parties shall be calculated according to the related requirement. The budget for the project shall be increased or decreased and the total amount of Road Construction Funds shall be adjusted accordingly. The Development Project Funds shall include amount for land requisition, demolition and relocation, prepaid amount for site preparation and construction of ancillary facilities (if repayment is needed) and the Compensation Funds (if any), and shall deduct the Offsetting Funds (if any). The Compensation Funds and the Offsetting Funds shall be determined by the status and the price of the sale of land.

The payment arrangement of the Road Construction Funds and the Development Project Funds are set out as follows:

- Longli Government shall sell the land use right by batches and phases and by lawful means such as tender during the period from 2011 to 2013 after the conditions for sale of the land with an area of 3,000 Mu as specified in the Agreement have been fulfilled.
- Upon completion of each batch of the abovementioned sale of land use right, Longli Government shall, as agreed, repay Shenzhen Expressway the amount for land requisition, demolition and relocation as well as other prepaid amount (if repayment is needed), pay the amount of the Road Construction Funds, pay the audited Compensation Funds (if any), or deduct the audited Offsetting Funds (if any), among which, the amount for land requisition, demolition and relocation to be repaid shall be equivalent to the actual amount incurred for land requisition, demolition and relocation for the development of the land, and the amount of Road Construction Funds to be paid shall be RMB160,000 (approximately HK\$195,000) per Mu.

- If the proceeds from the abovementioned sale of land use right are insufficient for payment of the Road Construction Funds or the Compensation Funds (if any) to Shenzhen Expressway, Longli Government shall pay by financial funds or other funds, including but not limited to the proceeds from the sale of land use right of a specific piece of land with an area of approximately 3,500 Mu (approximately 2,333,333 square metres) in Longli County.
- If the total amount of the installments paid by Longli Government exceeds the final settled Road Construction Funds, Shenzhen Expressway shall return the amount exceeded in cash. If the total amount of the installments paid by Longli Government is less than the final settled Road Construction Funds, Longli Government shall pay the amount in short in cash.

The abovementioned settlement shall be completed within 3 months after completion and acceptance of phase I of Guilong Road. Shenzhen Expressway shall not be responsible for any impact caused on the schedule of construction or the completion and acceptance, should Longli Government fails to raise the funds, for which it is responsible, for the construction of phase I of Guilong Road. The parties shall complete the settlement of the Road Construction Project within 3 months after the completion of the construction thereof.

The shareholders of Shenzhen International or Shenzhen Expressway and investors are reminded that Shenzhen Expressway may or may not participate in the auction of the related land. Should Shenzhen Expressway participate in the auction of the abovementioned land and/or obtain the land use right of the related land, each of Shenzhen International and Shenzhen Expressway will comply with the reporting, announcement and shareholders' approval requirements under the Listing Rules (if applicable).

***Conditions Precedent:***

The Agreement shall be effective upon being signed and sealed by both parties to the Agreement with approvals from respective approval authorities.

**INFORMATION OF THE PROJECT**

Longli County is part of Qiannan Buyi and Miao Autonomous Prefecture of Guizhou province (貴州省黔南布依族苗族自治州), located next to Guiyang City (貴陽市), which is the provincial capital of Guizhou Province (貴州省). Longli County is within 30 kilometres from Guiyang Airport, the centre of Guiyang city, and Guiyang South Station (貴陽南站), being the largest pivot of the railway network in the southwest China. Various railway and major highways which pass through Longli County provide Longli County with transportation convenient and location advantage. In recent years, Longli County has launched planning and construction works in the Guilong Economic Zone (貴龍城市經濟帶) and has obtained the official approval from Guizhou Provincial Government for the implementation of the Conjoined Planning and Construction in the Guilong Economic Zone and County Town of Longli (貴龍城市經濟帶與龍里縣城聯體規劃建設).

Guilong Road, being the major road from Guiyang City to Longli County, extending from the west end of Danan Bridge (大南橋) in county town of Longli to the boundary of Guiyang City and Longli County in the west, with a length of approximately 16.32 kilometres. Phase I of Guilong Road starts at the interchange in Wangguan village (王關村) of Longli County and ends at the boundary of Guiyang City and Longli County, with a length of its main road being approximately 5.12 kilometres. Phase I of Guilong Road and the land designated in the Agreement are both located in Guilong Economic Zone.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE AGREEMENT**

Shenzhen Expressway is principally engaged in the investment, construction, operation and management of toll highways and roads, and the construction management capability is one of the major core business capabilities of Shenzhen Expressway. Shenzhen Expressway can thereby further develop its road construction and the related business, solidify and enhance the advantages in the core business of Shenzhen Expressway mentioned above, and further strengthen the overall profitability of Shenzhen Expressway, which is in line with the overall development strategy of Shenzhen Expressway. The participation in the development of the relevant land can lower the risk of recovery of the construction funds, and is also beneficial to the expansion and enrichment of the development direction and experience of Shenzhen Expressway.

As Shenzhen Expressway is a subsidiary of Shenzhen International, the strengthening of Shenzhen Expressway's competitiveness in its business is also beneficial to Shenzhen International as a whole.

The boards of directors of Shenzhen International and Shenzhen Expressway consider that the terms of the Agreement were arrived at after arm's length negotiation between Longli Government and Shenzhen Expressway, entered into on normal commercial terms, and are fair and reasonable, and that entering into the Agreement is in the interests of Shenzhen International and Shenzhen Expressway and the shareholders of Shenzhen International and Shenzhen Expressway as a whole. Shenzhen Expressway had taken into account of the scale and the nature of the Road Construction Project and the Development Project and had made reference to the design documents of the projects, the standard prescribed by the government and the previous experience in construction management of roads possessed by Shenzhen Expressway when arriving at the terms of the Agreement.

## **CONSIDERATION ON THE PROPOSAL IN RELATION TO THE AGREEMENT BY SHENZHEN EXPRESSWAY**

On 12 August 2011, a board meeting of Shenzhen Expressway was held and considered and approved the proposal in relation to the Agreement. All of the 12 directors who were eligible to attend the meeting attended the meeting and no director was required to abstain in the meeting. The poll result is: 9 votes were for, 0 votes were abstained from and 3 votes were against the resolution. Directors Mr. Chiu Chi Cheong, Clifton, and independent non-executive directors Mr. Lam Wai Hon, Ambrose and Mr. Ting Fook Cheung, Fred voted against the proposal. Director Mr. Chiu Chi Cheong Clifton expressed that while Shenzhen Expressway has adopted several measures to reduce and control risks, the level of protection to Shenzhen Expressway is insufficient; Independent non-executive director Mr. Lam Wai Hon, Ambrose expressed that based on the fund requirement for performing the Agreement, the existing debt level and the related liquidity risk of Shenzhen Expressway, and together with the uncertainties on the business of land transfer and development in light of the existing

economic prospect and control on macro-economy, performance of the Agreement may result in Shenzhen Expressway bearing a material risk, and thereby not advantageous to the stable development of Shenzhen Expressway; Independent non-executive director Mr. Ting Fook Cheung, Fred expressed that the performance of the Agreement may lead to higher risk on Shenzhen Expressway, while part of such risk can not be under complete control, Shenzhen Expressway would thereby be unable to estimate exactly the financial burden from the projects and make timetable for the return of funds, and in particular, would bring relatively high adverse effect on Shenzhen Expressway when object environment worsen.

The board of directors of Shenzhen Expressway has amply considered the possible risks exist in the Road Construction Project and the Development Project and formulated corresponding strategies and policies to cope with such risks during the discussion on the proposal in relation to the Agreement. Pursuant to the relevant requirements of the Shanghai Stock Exchange, the analyses of the major risk factors are as follows:

- (1) Risk of cost control in the Road Construction Project: The Road Construction Project locates in Yunnan-Guizhou Plateau (雲貴高原), where the geological condition is relatively complex, and there exist certain difficulties in the construction management. Factors such as the insufficiency in the depth of the survey and design as well as the inflation in material price may affect the realisation of the cost control target, thereby affecting Shenzhen Expressway's profit under the project.

Shenzhen Expressway has over ten years of professional experience in construction management field, which serve as a crucial base for the management of aforementioned risks. To manage the aforesaid risk effectively, Shenzhen Expressway will enhance the depth and precision of preliminary survey, strengthen the estimated budget management, impose reasonable risk-sharing terms on material price fluctuations in construction agreements, enhance cost control in tender stage and level of cost control during the construction period.

- (2) Risks from material changes in the national land policy: The management of land by the PRC State has been relatively strict, in the event there be any material changes in the laws and regulations in the aspects of land management in the future, rendering Longli Government unable to obtain the quota of land or to sell the land as planned or otherwise, and may affect Shenzhen Expressway's realisation of its business targets.

Shenzhen Expressway will closely follow the trend of the policies and regulations, maintain an active and effective communication with different levels of government, foster the implementation of relevant quota of land and the sale of land to complete in accordance on schedule. Besides, the Agreement prescribes that the funds will be provided by Shenzhen Expressway in installments in accordance to the progress, receivables will also be recovered in installments in accordance to the progress, and thereby is able to prevent the risks brought by the major changes in land policy to a certain level, and minimise the possible loss incurred.

- (3) Financing risk: The debt level of Shenzhen Expressway is relatively high, with the tightening current credit policy, the financing and capital management of Shenzhen Expressway may become more difficult.

Shenzhen Expressway possesses a steady cash flow and enjoys adequate banking facilities, and appropriate financing arrangements have been made to satisfy the needs of debt repayment and capital expenditures. In order to strengthen the subsequent capabilities on financing and development, Shenzhen Expressway will optimise the debt structure of the Group continuously by implementing measures such as appropriately lowering the ratio of short-term debt, maintaining the scale of foreign currency loan, issuing corporate bond and etc. With the tightening credit environment, Shenzhen Expressway will follow and comprehend the policy and to adjust the financing strategies correspondingly in a timely manner, reasonably utilise finance products, enhance capital planning in order to lower financing risk.

## **INFORMATION OF SHENZHEN INTERNATIONAL**

Shenzhen 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.

## **INFORMATION OF SHENZHEN EXPRESSWAY**

Shenzhen Expressway is principally engaged in the investment, construction, operation and management of toll highways and roads.

## **INFORMATION OF LONGLI GOVERNMENT**

Longli Government is a local administrative authority governing the administrative matters within the administrative zone.

## **LISTING RULES IMPLICATION**

As the applicable percentage ratios in relation to the Road Construction Project and the Development Project are, in aggregate, under 25%, the Road Construction Project and the Development Project contemplated under the Agreement constitute discloseable transactions for each of Shenzhen International and Shenzhen Expressway pursuant to Chapter 14 of the Listing Rules. Each of Shenzhen International and Shenzhen Expressway shall comply with the notification and announcement requirements as set out in Rule 14.34 of the Listing Rules.

## **DEFINITIONS**

“Agreement”	the Agreement in relation to the Joint Development and Investment of the Comprehensive Development Project of Guilong Economic Zone in Guizhou Province (《貴州省貴龍城市經濟帶綜合開發項目合作開發投資協議書》) entered into between Longli Government and Shenzhen Expressway on 12 August 2011
“Compensation Funds”	the compensation money and investment return for the land development to be obtained by Shenzhen Expressway under the Development Project as agreed
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules



“Development Project”	the project of primary development of land with an area of approximately 3,000 Mu (approximately 2,000,000 square metres) in a designated area in Longli County Guizhou Province contemplated under the Agreement
“Development Project Funds”	the related payment to be made to Shenzhen Expressway under the Development Project, including the amount for land requisition, demolition and relocation, prepaid amount for site preparation and construction of ancillary facilities (if repayment is needed) provided by Shenzhen Expressway and the Compensation Funds (if any), and deducting the Offsetting Funds (if any)
“Guilong Road”	Guilong Road (貴龍大道), extending from the west end of Danan Bridge (大南橋) in county town of Longli to the boundary of Guiyang City and Longli County in the west, with the length of approximately 16.32 kilometres
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Longli Government”	The People’s Government of Longli County Guizhou Province (貴州省龍里縣人民政府)
“Mu”	a unit of area, is equivalent to 666.67 square metres
“Offsetting Funds”	the amount to be offset from the Road Construction Funds as agreed
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Road Construction Funds”	the total payment to be made to Shenzhen Expressway under the Road Construction Project, including total amount of project investment, capital cost and agreed return
“Road Construction Project”	the project of construction of phase I of Guilong Road by “Build - Transfer” mode

“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

*Notes:*

*In this announcement, the exchange rate between HK\$ and RMB at HK\$1.00 to RMB0.82 is adopted for the purpose of illustration only.*

*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.*

<p>By Order of the Board  <b>Shenzhen International Holdings Limited</b>  <b>Guo Yuan</b>  <i>Chairman</i></p>	<p>By Order of the Board  <b>Shenzhen Expressway Company Limited</b>  <b>Yang Hai</b>  <i>Chairman</i></p>
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Shenzhen, PRC, 12 August 2011

*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, 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 the 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).*