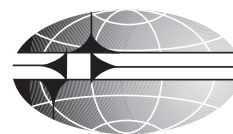


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**Shenzhen International Holdings Limited**  
**深圳國際控股有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code : 00152)**



**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  
CONNECTED TRANSACTION  
ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT IN RELATION  
TO GUANGSHEN COASTAL EXPRESSWAY SHENZHEN SECTION**

**ENTRUSTED CONSTRUCTION MANAGEMENT**

The respective boards of directors of Shenzhen International and Shenzhen Expressway are pleased to announce that on 9 September 2011, Shenzhen Expressway (a 50.889%-owned subsidiary of Shenzhen International) and 深圳市廣深沿江高速公路投資有限公司 (Shenzhen Guangshen Coastal Expressway Investment Company Limited) (the "Project Company", a wholly-owned subsidiary of 深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited, "SIHCL")) entered into the Entrusted Construction Management Agreement, whereby detailed terms of the entrustment of construction management of Coastal Expressway (Shenzhen Section) by the Project Company to Shenzhen Expressway were agreed upon.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT**

By entering into the Entrusted Construction Management Agreement, Shenzhen Expressway can further develop the business of entrusted construction management of roads and generate reasonable income and return by exporting its professional skills and extensive experience in the construction management of roads. The strengthening of Shenzhen Expressway's competitiveness in its core business is beneficial to Shenzhen International as a whole.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Shenzhen Expressway is a 50.889%-owned subsidiary of Shenzhen International, while SIHCL, in turn, is the controlling shareholder (as defined under the Listing Rules) of Shenzhen International indirectly holding approximately 48.59% of the issued share capital of Shenzhen International. The Project Company is a wholly-owned subsidiary of SIHCL, and thus, each of SIHCL and the Project Company is a connected person of both Shenzhen International and Shenzhen Expressway pursuant to Chapter 14A of the Listing Rules.

The transaction contemplated under the Entrusted Construction Management Agreement constitutes a connected transaction for each of Shenzhen International and Shenzhen Expressway under Chapter 14A of the Listing Rules, and is subject to, among other things, the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL**

Shenzhen International will convene the SGM and Shenzhen Expressway will convene the EGM, at which resolution(s) will be proposed to consider and, if thought fit, approve the Entrusted Construction Management Agreement and the transaction contemplated thereunder. A circular containing, among other things, details of the Entrusted Construction Management Agreement and notice convening the SGM/EGM will be despatched by Shenzhen International and Shenzhen Expressway to their respective shareholders on or before 30 September 2011.

Reference is made to the joint announcement of Shenzhen International and Shenzhen Expressway dated 6 November 2009. Pursuant to the Master Agreement, Shenzhen Expressway was entrusted by SIHCL to manage the Project Company which includes the construction management of Coastal Expressway (Shenzhen Section), with detailed terms of the entrusted construction management to be further negotiated and agreed upon by the Project Company and Shenzhen Expressway and subject to the approval by Shenzhen Municipal Government.

The respective boards of directors of Shenzhen International and Shenzhen Expressway are pleased to announce that on 9 September 2011, Shenzhen Expressway and the Project Company entered into the Entrusted Construction Management Agreement.

## **THE ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT**

### **Date:**

9 September 2011

### **Parties:**

Entrusting Party: The Project Company

The Project Company is a wholly-owned subsidiary of SIHCL and is principally engaged in the investment, construction and operation of Coastal Expressway (Shenzhen Section).

Entrusted Party: Shenzhen Expressway

### **Entrusted Construction Management:**

Pursuant to the Entrusted Construction Management Agreement, the Project Company has agreed to entrust Shenzhen Expressway to manage the construction of Coastal Expressway (Shenzhen Section), Shenzhen Expressway has agreed to undertake the management of construction of Coastal Expressway (Shenzhen Section) (including but not limited to, coordination of preliminary works, management of preliminary design works and construction drawings design and construction management during the preparation period, construction period as well as default liability period (工程缺陷期), etc.). The Project Company is responsible for timely payment of construction cost and entrusted construction service fee for the project.

### **Entrusted Construction Service Fee:**

The entrusted construction service fee comprises the entrusted construction management fee and the performance-based bonuses or penalties (if any) under the provision of the Entrusted Construction Management Agreement. Such entrusted construction management fee and performance-based bonuses or penalties shall be finalised and audited by the Audit Bureau.

#### *Entrusted construction management fee*

The entrusted construction management fee shall be 1.5% of the Budgeted Costs. With reference to the approved Budgeted Costs of RMB8,788,740,000 (approximately HK\$10,717,976,000) of Phase I of Coastal Expressway (Shenzhen Section) as at the date of this announcement, the entrusted construction management fee is estimated to be approximately RMB131,830,000 (approximately HK\$160,768,000). The entrusted construction management fee shall be paid in cash by the Project Company in installments as follows:

- (i) 40% will be paid within 28 days upon signing of the Entrusted Construction Management Agreement or the commencement of the construction of Coastal Expressway (Shenzhen Section);
- (ii) 20% will be paid within 28 days upon the progress of the construction arrives 40% of the estimated total investment;
- (iii) 20% will be paid within 28 days upon the progress of the construction arrives 70% of the estimated total investment;
- (iv) 15% will be paid within 28 days after delivery and inspection of the construction works; and
- (v) the remaining balance will be paid within 28 days after expiry of the default liability period, completion of the final audit and verification of the entrusted construction management fee by the Project Company.

### Performance-based bonuses or penalties

The performance-based bonuses or penalties mainly comprise the bonuses or penalties for construction costs control, whereby Shenzhen Expressway will be awarded or penalised by an amount based on 20% of the difference between the Investment Control Amount and the final-audited construction costs. The bonuses for construction costs control, which represents 20% of the amount of the Investment Control Amount exceeding the final-audited construction costs, if any, shall be paid in cash by the Project Company to Shenzhen Expressway in installments as follows:

- (i) following the completion of the construction works of the road understructure and bridge culverts, 50% of the initial bonuses for construction costs control shall be paid within 30 days upon submission of preliminary summary of the construction costs of such construction works prepared by Shenzhen Expressway, based on which the initial bonuses for construction costs control is calculated;
- (ii) following the opening of relevant section of the road, the second installment of the bonuses shall be paid within 15 days upon completion of the audit by the Audit Bureau of the settlement amount of construction works, the aggregate of payments shall be 80% of the bonuses for construction costs control as calculated based on the settlement amount of construction works; and
- (iii) the remaining balance of the bonuses for construction costs control shall be paid within 15 days upon completion of the audit by the Audit Bureau of the final settlement amount of construction works.

If the final-audited construction costs exceed the Investment Control Amount, 20% of the overspent construction costs will be borne by Shenzhen Expressway as penalties.

Save and except the bonuses or penalties for construction costs control, Shenzhen Expressway will also be entitled to other bonuses (if any) or bear other penalties (if any) for quality control, safety management and construction period control pursuant to the terms of the Entrusted Construction Management Agreement. It is expected that other bonuses or penalties will not have material effect on the total amount of entrusted construction service fee.

The entrusted construction service fee may be subject to upward or downward adjustment due to factors such as construction works amendment, delays in construction and performance in fulfilling the Entrusted Construction Management Agreement by Shenzhen Expressway. After taking into account of, among others, the terms of the Entrusted Construction Management Agreement and the scale of the Entrusted Construction Management, the directors of Shenzhen Expressway are of the view that the total entrusted construction service fee will not exceed RMB350,000,000 (approximately HK\$426,829,000), which is subject to the final audit by the Audit Bureau. If the total entrusted construction service fee is expected to exceed RMB350,000,000 (approximately HK\$426,829,000), Shenzhen International and Shenzhen Expressway will publish a separate announcement and seek the approval of the independent shareholders in accordance with the requirements of the Listing Rules as and when appropriate.

### **Conditions Precedent to the Entrusted Construction Management Agreement:**

The Entrusted Construction Management Agreement is conditional upon parties to the Entrusted Construction Management Agreement having respectively obtained all necessary or appropriate approvals and authorisation for the transaction contemplated under the Entrusted Construction Management Agreement, including but not limited to the independent shareholders' approval of both Shenzhen International and Shenzhen Expressway.

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

Shenzhen Expressway will provide a guarantee of contractual performance in the amount of RMB200,000,000 (approximately HK\$243,902,000) in the form of letter of guarantee of contractual performance to be issued by a bank within 1 month after the signing of the Entrusted Construction Management Agreement. The Project Company will return the relevant letter of guarantee to Shenzhen Expressway within 10 working days after the delivery and inspection of Phase I of the Coastal Expressway (Shenzhen Section).

### **INFORMATION OF COASTAL EXPRESSWAY (SHENZHEN SECTION)**

Guangshen Coastal Expressway is an expressway connecting Huangpu (黃埔) District, Guangzhou to Nanshan (南山) District, Shenzhen with a length of approximately 90 km and will be another major road passage between Guangzhou and Shenzhen as well as Guangdong and Hong Kong.

Coastal Expressway (Shenzhen Section) is the section of Guangshen Coastal Expressway in Shenzhen, extending from Dongbao River (東寶河), the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen, and connecting with Shenzhen Western Corridor in the south. Coastal Expressway (Shenzhen Section) is a dual eight-lane expressway with a length of approximately 30.45 km. As at the date of this announcement, the Budgeted Costs of Phase I of Coastal Expressway (Shenzhen Section) is RMB8,788,740,000 (approximately HK\$10,717,976,000) (excluding the ramp of airport interchange, the design of which is not determined yet, and traffic engineering and affiliated facilities). The construction of Phase I of Coastal Expressway (Shenzhen Section) is planned to be completed by 31 December 2012. When the construction budgets of the ramp of airport interchange, traffic engineering and affiliated facilities have been determined, such construction budgets will be submitted to 深圳市發展和改革委員會 (the Shenzhen Municipal Commission of Development and Reform) for approval.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT**

Entrusted construction management of roads is an ordinary and usual course of business of Shenzhen Expressway. By entering into the Entrusted Construction Management Agreement, Shenzhen Expressway can further develop the business of entrusted construction management of roads and generate reasonable income and return by exporting its professional skills and extensive experience in the construction management of roads. Entering into the Entrusted Construction Management Agreement is in line with Shenzhen Expressway's overall strategy in the investment, construction, operation and management of toll highways and roads. The strengthening of Shenzhen Expressway's competitiveness in its core business is beneficial to Shenzhen International as a whole.

The board of directors of Shenzhen International consider that the terms of the Entrusted Construction Management Agreement are fair and reasonable so far as the independent shareholders of Shenzhen International are concerned, and are in the interest of Shenzhen International and the shareholders of Shenzhen International as a whole.

The board of directors of Shenzhen Expressway consider that the terms of the Entrusted Construction Management Agreement were arrived at after arm's length negotiation between the Project Company and Shenzhen Expressway, entered into on normal commercial terms, and are fair and reasonable; and that the Entrusted Construction Management is in the interests of Shenzhen Expressway and the shareholders (including independent shareholders) of Shenzhen Expressway as a whole. In arriving at the terms of the Entrusted Construction Management Agreement, Shenzhen Expressway had taken into account of the scale of the Entrusted Construction Management and its past experience in construction management of roads.

## **REVIEW AND APPROVAL OF THE ENTRUSTED CONSTRUCTION MANAGEMENT BY SHENZHEN EXPRESSWAY**

On 28 April 2011, the board of directors of Shenzhen Expressway held the meeting to consider and approve the Entrusted Construction Management and the related matters. All of the 12 directors who were eligible to attend the meeting attended the meeting in person. Mr. Yang Hai, Mr. Li Jing Qi, Mr. Zhao Jun Rong, Mr. Tse Yat Hong and Mr. Lin Xiang Ke, the directors who held positions in Shenzhen International and/or its subsidiaries other than Shenzhen Expressway, declared their interests according to the regulations and abstained from voting on the resolution in relation to the Entrusted Construction Management. The relevant resolution was unanimously passed by the remaining directors. In accordance with the regulatory requirements of the China Securities Regulatory Commission, the independent non-executive directors of Shenzhen Expressway had approved the presentation of the proposal of the Entrusted Construction Management to the board of directors for discussion prior to the meeting, and expressed their opinions in relation to the procedural compliance and fairness of the Entrusted Construction Management in the said board meeting.

## **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.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Shenzhen Expressway is a 50.889%-owned subsidiary of Shenzhen International, while SIHCL, in turn, is the controlling shareholder (as defined under the Listing Rules) of Shenzhen International indirectly holding approximately 48.59% of the issued share capital of Shenzhen International. The Project Company is a wholly-owned subsidiary of SIHCL, and thus, each of SIHCL and the Project Company is a connected person of both Shenzhen International and Shenzhen Expressway pursuant to Chapter 14A of the Listing Rules.

The transaction contemplated under the Entrusted Construction Management Agreement constitutes a connected transaction for each of Shenzhen International and Shenzhen Expressway under Chapter 14A of the Listing Rules, and is subject to, among other things, the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISERS**

An independent board committee of each of Shenzhen International (comprising all independent non-executive directors of Shenzhen International) and of Shenzhen Expressway (comprising all independent non-executive directors of Shenzhen Expressway) has been established to advise their respective independent shareholders in relation to the Entrusted Construction Management Agreement and the transaction contemplated thereunder. None of the members of the independent board committees has any material interest in the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

An independent financial adviser will also be appointed by each of Shenzhen International and Shenzhen Expressway to advise the respective independent board committees and the respective independent shareholders of Shenzhen International and Shenzhen Expressway in respect of the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

### **SGM OF SHENZHEN INTERNATIONAL**

Shenzhen International will convene the SGM at which resolution(s) will be proposed to consider and, if thought fit, approve the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

As at the date of this announcement, SIHCL indirectly holds an aggregate of 7,955,216,814 shares in Shenzhen International, representing approximately 48.59% of the issued share capital of Shenzhen International. SIHCL and its associates will abstain from voting at the SGM in respect of the resolution(s) approving the Entrusted Construction Management Agreement and the transaction contemplated thereunder. To the best of the knowledge, information and belief of the directors of Shenzhen International having made all reasonable enquiries, no shareholder of Shenzhen International is required to abstain from voting at the SGM other than SIHCL and its associates.

### **EGM OF SHENZHEN EXPRESSWAY**

Shenzhen Expressway will convene the EGM at which resolution(s) will be proposed to consider and, if thought fit, approve, among other things, the Entrusted Construction Management Agreement and the transaction contemplated thereunder.

As at the date of this announcement, Shenzhen International indirectly holds an aggregate of 1,109,775,887 shares in Shenzhen Expressway, representing approximately 50.889% of the total issued share capital of Shenzhen Expressway, while SIHCL, in turn, is the controlling shareholder (as defined under the Listing Rules) of Shenzhen International indirectly holding approximately 48.59% of the issued share capital of Shenzhen International. SIHCL and its associates (including Shenzhen International and its associates) will abstain from voting at the EGM in respect of the resolution(s) approving the Entrusted Construction Management Agreement and the transaction contemplated thereunder. To the best of the knowledge, information and belief of the directors of Shenzhen Expressway having made all reasonable enquiries, no other shareholder of Shenzhen Expressway is required to abstain from voting at the EGM in respect of the resolution(s) approving the Entrusted Construction Management Agreement and the transaction contemplated thereunder other than SIHCL and its associates (including Shenzhen International and its associates).

### **GENERAL**

Each of Shenzhen International and Shenzhen Expressway will despatch a circular containing, among other things, details of the Entrusted Construction Management Agreement and the transaction contemplated thereunder, a letter of advice containing the opinion from the respective independent financial advisers to the respective independent board committees and the respective independent shareholders, a letter containing the opinion and recommendation from the respective independent board committees to the respective independent shareholders, a notice of the SGM/EGM and such other information as required under the Listing Rules, to their respective shareholders on or before 30 September 2011.

## DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Bureau”	深圳市審計局政府投資審計專業局 (the Bureau of Professional Auditing of Governmental Investment of the Bureau of Audit of the Shenzhen Municipal)
“Budgeted Costs”	the construction budget of Coastal Expressway (Shenzhen Section) as approved by 深圳市發展和改革委員會 (the Shenzhen Municipal Commission of Development and Reform)
“Coastal Expressway (Shenzhen Section)”	Guangshen Coastal Expressway Shenzhen Section
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“EGM”	an extraordinary general meeting of Shenzhen Expressway to be convened and held for the purpose of considering and, if thought fit, approval of, among other things, the Entrusted Construction Management Agreement and the transaction contemplated thereunder
“Entrusted Construction Management”	the management of the construction of Coastal Expressway (Shenzhen Section) entrusted by the Project Company to Shenzhen Expressway pursuant to the Entrusted Construction Management Agreement
“Entrusted Construction Management Agreement”	委託管理（代建）合同 (Entrusted Construction Management Agreement) entered into by the Project Company and Shenzhen Expressway dated 9 September 2011
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Control Amount”	the amount used to calculate the bonuses or penalties for construction costs control, which is based on the Budgeted Costs of Coastal Expressway (Shenzhen Section) and adjusted according to the specific terms of Entrusted Construction Management Agreement when the prices of the major raw materials change or the construction works amendments occur, and the final amount of which is subject to audit by the Audit Bureau



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the entrusted management agreement entered into between Shenzhen Expressway and SIHCL on 6 November 2009 in relation to the entrusted management of the Project Company
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project Company”	深圳市廣深沿江高速公路投資有限公司 (Shenzhen Guangshen Coastal Expressway Investment Company Limited), a company established in the PRC with limited liability, principally engaged in the investment, construction and operation of Coastal Expressway (Shenzhen Section), and is a wholly-owned subsidiary of SIHCL
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of Shenzhen International to be convened and held for the purpose of considering and, if thought fit, approval of the Entrusted Construction Management Agreement and the transaction contemplated thereunder
“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
“SIHCL”	深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited), a company established in the PRC with limited liability and is wholly-owned by 深圳市人民政府國有資產監督管理委員會 (Shenzhen Municipal State-owned Assets Supervision and Administration Commission)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 9 September 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).*