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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
CONTINUING CONNECTED TRANSACTION
ENTRUSTED OPERATIONAL MANAGEMENT SERVICE AGREEMENT
IN RELATION TO PHASE I OF
GUANGSHEN COASTAL EXPRESSWAY SHENZHEN SECTION**

Reference is made to the joint announcements of SZ International and SZ Expressway dated 6 November 2009 and 16 June 2016 respectively in relation to, among other things, the entrustment of SZ Expressway by SIHCL to operate and manage the Project Company (a wholly-owned subsidiary of SIHCL), and the agreement further entered into in respect of the detailed arrangements for the entrusted management of Coastal Expressway (Shenzhen Section), the term of which will expire on 31 December 2016.

The Management Agreement

The respective boards of directors of SZ International and SZ Expressway are pleased to announce that, on 30 December 2016, SZ Expressway (a 50.889%-owned subsidiary of SZ International) and the Project Company entered into the Management Agreement, pursuant to which the Project Company shall entrust the management and maintenance of the highway assets and related ancillary facilities and the operation of toll collection of Coastal Expressway Phase I to SZ Expressway during the period from 1 January 2017 to 31 December 2019, whereby SZ Expressway shall exercise and perform on behalf of the Project Company such rights and obligations as are relevant to the operation and management of Coastal Expressway Phase I.

Reasons for and benefits of entering into the Management Agreement

By entering into the Management Agreement and the transactions thereunder, SZ Expressway will leverage its more than ten years of relevant professional experience and strengths in the operation and management of toll highways, export its management experience and gain reasonable income and returns. The execution of the Management Agreement is in line with SZ Expressway's overall strategy of engaging in the investment in and construction, operation and management of infrastructure facilities. The enhancement of SZ Expressway's competitive edge in its core business is in the interests of SZ International as a whole.

Listing Rules implications

As at the date of this announcement, SZ International holds approximately 50.889% equity interest in SZ Expressway, while SIHCL is the controlling shareholder of SZ International (as defined under the Listing Rules) and indirectly holds approximately 44.26% of the issued share capital of SZ International, and the Project Company is a wholly-owned subsidiary of SIHCL. Therefore, both SIHCL and the Project Company are connected persons of SZ International and SZ Expressway under the Listing Rules and transactions under the Management Agreement constitute continuing connected transactions of SZ International and SZ Expressway.

For SZ International and SZ Expressway, as one or more annual applicable percentages (other than the profit percentage) of the continuing connected transactions under the Management Agreement are more than 0.1% but lower than 5%, the Management Agreement is subject to the reporting and announcement requirements, but is exempted from the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the joint announcements of SZ International and SZ Expressway dated 6 November 2009 and 16 June 2016 respectively in relation to, among other things, the entrustment of SZ Expressway by SIHCL to operate and manage the Project Company, and the agreement further entered into in respect of the detailed arrangements for the entrusted management of Coastal Expressway (Shenzhen Section), the term of which will expire on 31 December 2016.

The respective boards of directors of SZ International and SZ Expressway are pleased to announce that, on 30 December 2016, SZ Expressway and the Project Company entered into the Management Agreement, the principal terms of which are as follows:

THE MANAGEMENT AGREEMENT

Date

30 December 2016

Parties

SZ Expressway; and
the Project Company (a wholly-owned subsidiary of SIHCL)

Term

From 1 January 2017 to 31 December 2019

Entrusted operational management services

Pursuant to the Management Agreement, the Project Company shall entrust the management and maintenance of the highway assets and related ancillary facilities and the operation of the toll collection of Coastal Expressway Phase I to SZ Expressway during the period of entrusted operational management services, whereby SZ Expressway shall exercise and perform on behalf of the Project Company such rights and obligations as are relevant to the operation and management of Coastal Expressway Phase I.

Pursuant to the Management Agreement, SZ Expressway shall exercise the management and control over the business processes of all operating activities of Coastal Expressway Phase I, and provide entrusted operational management services which include (but not limited to) the followings:

1. Strategic management of the business operations of Coastal Expressway Phase I, including road assets and the implementation of maintenance and repair, toll accounting, rescue missions in the event of accidents, and the management of business operations, such as the use of advertising resources; and
2. Development and management of integrated business functions for the Project Company, such as human resource management, corporate financial management, filing and information management, community services and duty management.

During the period of entrusted operational management services, SZ Expressway shall act solely as the agent of the Project Company. All operating costs (fees) and expenses, risks and rewards, responsibilities and obligations, creditor's rights and debts (including but not limited to the repayment of loans and any interests accrued thereon) arising from the performance of the Management Agreement by SZ Expressway shall be attributable to the Project Company. SZ Expressway shall have no obligation to advance any funds on behalf of the Project Company, the salaries and benefits of all management and operational staff appointed by SZ Expressway to the Project Company with dedicated responsibilities for the operation and management of Coastal Expressway Phase I shall be borne by the Project Company.

Service fee and bases for determination

The term for the entrusted operational management services under the Management Agreement shall commence on 1 January 2017 and end on 31 December 2019. The service fee shall be RMB18 million (approximately HK\$20.22 million) per annum. The fees will be paid in cash by the Project Company by instalments to SZ Expressway. The entrusted management fees of RMB9 million (approximately HK\$10.11 million) are payable on or before 30 June and 31 December each year respectively.

The service fee has been determined through arm's length negotiations between SZ Expressway and the Project Company taking into account SZ Expressway's experience in the operation and management of toll highways.

INFORMATION ON COASTAL EXPRESSWAY PHASE I

Guangshen Coastal Expressway is an expressway connecting Huangpu District in Guangzhou and Nanshan District in Shenzhen with a length of approximately 90 km. It is a 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 running through Shenzhen. Coastal Expressway Phase I starts in the north from Dongbao River where Guangshen Coastal Expressway (Dongguan Section) ends, passing through Dongbao river, Shajing Town, Fuyong Town, Bao'an International Airport and Xixiang Town before ending at Yueliangwan Avenue in Nanshan District of Shenzhen where Shenzhen-Hong Kong Western Corridor starts. The total length of the main lane is 30.5 km.

INFORMATION ON SZ INTERNATIONAL, SZ EXPRESSWAY AND THE PROJECT 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.

SZ Expressway is principally engaged in the investment in and construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities.

The Project Company is principally engaged in the investment in and construction and operation of Coastal Expressway (Shenzhen Section).

REASONS FOR AND BENEFITS OF ENTERING INTO THE MANAGEMENT AGREEMENT

By entering into the Management Agreement and the transactions thereunder, SZ Expressway will leverage its more than ten years of relevant professional experience and strengths in the operation and management of toll highways, export its management experience and gain reasonable income and returns. The execution of the Management Agreement is in line with SZ Expressway's overall strategy of engaging in the investment in and construction, operation and management of infrastructure facilities. The enhancement of SZ Expressway's competitive edge in its core business is in the interests of SZ International as a whole.

The directors of SZ International (including all of its independent non-executive directors) are of the view that the terms of the Management Agreement have been entered into on normal commercial terms in the ordinary course of business of SZ Expressway through arm's length negotiations between the parties and are fair and reasonable as well as in the interests of SZ International and its shareholders as a whole. None of its directors are materially interested in the Management Agreement and the transactions thereunder.

The directors of SZ Expressway (including all of its independent non-executive directors) are of the view that the terms of the Management Agreement have been entered into on normal commercial terms in the ordinary course of business through arm's length negotiations and are fair and reasonable, and the transactions thereunder are in the interests of SZ Expressway and its shareholders as a whole.

The Management Agreement and the transactions thereunder have been considered and approved at a meeting of the board convened by SZ Expressway. Mr. Hu Wei, Mr. Zhao Jun Rong, Mr. Tse Yat Hong and Mr. Liu Ji, who hold positions with SZ International and/or its subsidiaries (other than SZ Expressway), have declared their interests in accordance with pertinent regulations and have abstained from voting in respect of the relevant resolution. The resolution has been adopted by the unanimous vote of the remaining directors.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SZ International holds approximately 50.889% equity interest in SZ Expressway, while SIHCL is the controlling shareholder of SZ International (as defined under the Listing Rules) and indirectly holds approximately 44.26% of the issued share capital of SZ International, and the Project Company is a wholly-owned subsidiary of SIHCL. Therefore, both SIHCL and the Project Company are connected persons of SZ International and SZ Expressway under the Listing Rules and transactions under the Management Agreement constitute continuing connected transactions of SZ International and SZ Expressway.

For SZ International and SZ Expressway, as one or more annual applicable percentages (other than the profit percentage) of the continuing connected transactions under the Management Agreement are more than 0.1% but lower than 5%, the Management Agreement is subject to the reporting and announcement requirements, but is exempted from the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules.

DEFINITIONS

“Coastal Expressway Phase I”	Phase I project of Coastal Expressway (Shenzhen Section)
“Coastal Expressway (Shenzhen Section)”	廣深沿江高速公路深圳段 (Guangshen Coastal Expressway Shenzhen Section), the section of 廣深沿江高速公路 (Guangshen Coastal Expressway) (Guangzhou to Shenzhen) running through Shenzhen
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Management Agreement”	《廣深沿江高速公路深圳段一期項目營運委託管理服務協議》 (Entrusted Operational Management Service Agreement for Guangshen Coastal Expressway Shenzhen Section Phase I Project) entered into between SZ Expressway and the Project Company on 30 December 2016
“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 incorporated in the PRC with limited liability
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People's Republic of China excluding, for the purpose of

this announcement, Hong Kong, Macau Special Administrative Region and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ Expressway”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively
“SZ 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 incorporated in the PRC with limited liability

Note:

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 : RMB0.89 for illustration only. No representation is made that any amounts in RMB or HK dollar have been or can be converted at such rate or any other rates.

By Order of the Board
Shenzhen International Holdings Limited
Gao Lei
Chairman

By Order of the Board
Shenzhen Expressway Company Limited
Hu Wei
Chairman

Shenzhen, the PRC, 30 December 2016

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 Li Lu Ning as executive directors, Dr. Yim Fung, JP as non-executive director and Messrs. Leung Ming Yuen, Simon, Ding Xun and Nip Yun Wing as independent non-executive directors.

As at the date of this announcement, the directors of SZ Expressway are Mr. HU Wei (executive director and chairman of the board), Mr. WU Ya De (executive director and president), Mr. WANG Zeng Jin (executive director), Mr. LIAO Xiang Wen (executive director), Mr. ZHAO Jun Rong (non-executive director), Mr. TSE Yat Hong (non-executive director), Mr. LIU Ji (non-executive director), Mr. CHEN Yuan Jun (non-executive director), Mr. AU Sing Kun (independent non-executive director), Mr. LIN Chu Chang (independent non-executive director), Mr. HU Chun Yuan (independent non-executive director) and Mr. CHEN Tao (independent non-executive director).