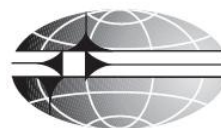


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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

**JOINT ANNOUNCEMENT
MAJOR TRANSACTIONS
THE CONCESSION AGREEMENT AND JOINT INVESTMENT AND
CONSTRUCTION AGREEMENT
RELATING TO SHENZHEN OUTER RING EXPRESSWAY SECTION A**

Concession Agreement and Joint Investment and Construction Agreement

The boards of directors of each of SZ International and SZ Expressway are pleased to announce that, on 18 March 2016, Outer Ring Company, a wholly-owned subsidiary of SZ Expressway (a 50.889%-owned subsidiary of SZ International), entered into the Concession Agreement with the Transport Commission, pursuant to which the Transport Commission conditionally agreed to grant concession rights in respect of Outer Ring Section A (including the right to invest in Outer Ring Section A and collect vehicle tolls) to Outer Ring Company. The concession period of Outer Ring Section A shall comprise a 38-month construction period and a 25-year operation period. Outer Ring Company agreed to hand over Outer Ring Section A to the Transport Commission or its designated organisation upon the expiration of the concession period for Outer Ring Section A or early termination of the concession rights by the government.

On the same date, SZ Expressway, Outer Ring Company and SZCDGC entered into the Joint Investment and Construction Agreement, pursuant to which, SZ Expressway and Outer Ring Company shall in aggregate invest funds or arrange financing with an amount of RMB6.5 billion (approximately HK\$7.8 billion), while the balance amount to be contributed by SZCDGC. Outer Ring Company shall act as the entity for the construction and operation of Outer Ring Section A and be fully in charge of the operation and management of construction, toll collection, facilities, road assets, finance, etc.. SZ Expressway shall be entrusted to manage the construction of Outer Ring Section A.

Outer Ring Section A starts in Bao'an District, Shenzhen connecting Guangshen Coastal Expressway and runs through Guangming New Area, Longhua New Area, Dongguan City (the Dongguan Section not being covered by this project), Longgang District and Pingshan New District, connecting with the planned Julong Road after the inter-connection with Shenzhen-Shantou Expressway. It provides 6 lanes in two directions with a length of approximately 60 km.

Reasons for and benefits of entering into the Concession Agreement and the Joint Investment and Construction Agreement

By entering into the Concession Agreement and the Joint Investment and Construction Agreement, SZ Expressway can acquire the concession rights of Outer Ring Section A with reasonable investments, which will allow SZ Expressway to enlarge the size of its assets, enhance the scope of development in future for its principal business and consolidate its market share in the expressway network of Shenzhen. Meanwhile, the management of the construction works for Outer Ring Section A will enable SZ Expressway to further develop its entrusted management business, utilise its proven expertise and experience in the construction management sector, further strengthen its construction management capabilities and receive reasonable income and return. The execution of the Concession Agreement and the Joint Investment and Construction Agreement is consistent with the overall strategy of SZ Expressway to engage in the investment in and construction, operation and management of toll roads and highways. 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

For SZ International and SZ Expressway, as one applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder is more than 25% but lower than 100%, the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder constitute a major transaction for SZ International and SZ Expressway subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM of SZ International

SZ International will convene a SGM, at which resolution(s) will be proposed to consider and, if thought fit, approve the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder; (ii) the notice convening the SGM of SZ International; and (iii) other information required under the Listing Rules will be despatched by SZ International to its shareholders on or before 20 April 2016. As additional time is required to collate the relevant information to be included in the circular, the expected date of despatch of the circular is more than 15 business days after the publication of this announcement.

AGM of SZ Expressway

Resolution(s) is currently expected to be proposed for shareholders' approval at the AGM of SZ Expressway whereby shareholders will consider and, if thought fit, approve the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder; (ii) the notice convening the AGM of SZ Expressway; and (iii) other information required under the Listing Rules will be despatched by SZ Expressway to its shareholders on or before 20 April 2016. As additional time is required to collate the relevant information to be included in the circular, the expected date of despatch of the circular is more than 15 business days after the publication of this announcement.

Introduction

The boards of directors of each of SZ International and SZ Expressway are pleased to announce that, on 18 March 2016, Outer Ring Company, a wholly-owned subsidiary of SZ Expressway (a 50.889%-owned subsidiary of SZ International), entered into the Concession Agreement with the Transport Commission, pursuant to which the Transport Commission conditionally agreed to grant concession rights in respect of Outer Ring Section A (including the right to invest in Outer Ring Section A and collect vehicle tolls) to Outer Ring Company while Outer Ring Company agreed to hand over Outer Ring Section A to the Transport Commission or its designated organisation upon the expiration of the concession period for Outer Ring Section A or early termination of the concession rights by the government.

On the same date, SZ Expressway, Outer Ring Company and SZCDGC entered into the Joint Investment and Construction Agreement, pursuant to which, SZ Expressway, Outer Ring Company and SZCDGC will jointly invest in or arrange financing for the construction of Outer Ring Section A, while Outer Ring Company shall act as the entity for the construction and operation of Outer Ring Section A and be fully in charge of the operation and management of construction, toll collection, facilities, road assets, finance, etc.. SZ Expressway shall be entrusted to manage the construction of Outer Ring Section A.

The Concession Agreement

Date

18 March 2016

Parties

The Transport Commission and Outer Ring Company

The Transport Commission is the competent authority under the Shenzhen Municipal Government overseeing the transport industry. It is primarily responsible for policy formulation, development planning, supervision and coordination in relation to the transport industry of Shenzhen, as well as the construction, maintenance and management of relevant facilities. To the best of the knowledge, information and belief of the respective directors of SZ International and SZ Expressway, having made all reasonable enquiries, the Transport Commission is a government body and an Independent Third Party.

The concession rights

The scope of the concession rights:

Pursuant to the Concession Agreement, the Transport Commission agrees to grant sole and exclusive concession rights to Outer Ring Company, which shall be valid and exclusive to Outer Ring Company throughout the entire concession period. The said concession rights shall include:

- (1) The right to invest in, design and construct Outer Ring Section A;
- (2) The right to operate and manage Outer Ring Section A;
- (3) The right to collect toll for vehicle passage;

- (4) The right to operate service facilities in designated areas along Outer Ring Section A;
and
- (5) The right to operate advertising space in designated areas along Outer Ring Section A.

The district governments or new district administration committees of districts along Outer Ring Section A are responsible for land consolidation, including but not limited to land inspection, registration of land-use right, requisitioning and demolition of buildings, compensation, resumption of land-use right and surface clear-up, which allows the construction site of the project (including the permanent site and the temporary site) to be in the conditions suitable for delivery and use. The land-use right pertaining to Outer Ring Section A is vested in of the Shenzhen Municipal Government, which authorises Outer Ring Company to use the site of Outer Ring Section A for nil consideration during the concession period and to be engaged in the lawful construction and operation of Outer Ring Section A in accordance with the relevant plan.

The concession period:

The concession period of Outer Ring Section A shall comprise the construction period and the operation period:

The construction period: 38 months, from the date of commencement of construction as recorded on the construction permit for Outer Ring Section A. In case of any delay in work schedules caused by delays in land consolidation by competent government authorities, the construction period shall be extended subject to the final approval of competent government authorities.

The operation period: 25 years. The operation period shall commence on the next day following the date of inspection and acceptance of work upon delivery. The specific dates of the toll period shall be stipulated in the toll approval documents for Outer Ring Section A.

The Transport Commission may terminate the concession rights at an earlier date on the grounds of social and public interests, in which case fair and reasonable compensation shall be paid to Outer Ring Company in accordance with the law. The compensation shall cover the projected income that Outer Ring Company should have earned during the remaining concession period.

Upon the expiration or early termination of the concession period, Outer Ring Company shall hand over Outer Ring Section A and its ancillary facilities (including the toll stations, administration centre, mechanical and electrical facilities and service areas) in sound operating and maintenance conditions to the Transport Commission or its designated organisation for nil consideration.

Transfer of the concession rights:

The Transport Commission shall not transfer the Concession Agreement and any rights or obligations thereunder without the prior agreement of Outer Ring Company in writing.

Outer Ring Company shall not transfer the concession rights under the Concession Agreement. In the event that SZ Expressway transfers any part of the equity interests in Outer Ring Company, such transfer shall be subject to approval or registration in accordance with pertinent national regulations. Such transfer shall require the prior approval of the Transport Commission if it results in SZ Expressway ceasing control of Outer Ring Company.

Pledge of the concession rights:

During the concession period, Outer Ring Company may pledge the toll collection right of Outer Ring Section A as permissible under applicable laws and regulations, and may pledge, assign and lease the earning right of other operating items of Outer Ring Section A, provided that the term of which shall not outlast the concession period under the Concession Agreement.

During the construction period of Outer Ring Section A, Outer Ring Company shall not provide any guarantees to third parties, including guarantees in any form in respect of its shareholders' debt (save for counter-guarantees provided by Outer Ring Company required under guarantees provided by SZ Expressway for the debts of Outer Ring Company), and it shall not assume any debts of SZ Expressway.

During the construction period of Outer Ring Section A, bank loans obtained by pledging, assigning or leasing interests under the Concession Agreement must be applied to Outer Ring Section A in full. Construction funds raised by Outer Ring Company through bank loans must also be applied to the construction works of Outer Ring Section A.

Other major rights and obligations of the Transport Commission

Other major rights and obligations of the Transport Commission include:

- (1) To assist district governments or new district administration committees of districts along Outer Ring Section A with land consolidation and deliver land sites for construction work to Outer Ring Company according to confirmed plans;
- (2) To assist, to the extent of its scope of authority and jurisdiction, Outer Ring Company in obtaining necessary approvals and permissions in respect of the design, construction, operation, maintenance and management of Outer Ring Section A; and
- (3) To procure the construction, operation and maintenance of roads and other infrastructure facilities linked to Outer Ring Section A in a timely manner in coordination with relevant departments or units.

Other major rights and obligations of Outer Ring Company

Other major rights and obligations of Outer Ring Company include:

- (1) To accept the supervision and inspection by the Transport Commission in respect of the financing and tender activities relating to and the construction and operational management of Outer Ring Section A, and to accept audit of Outer Ring Section A by government audit authorities in accordance with the law;

- (2) To raise full funds required by the construction, operation and maintenance of Outer Ring Section A and to ensure completion of the construction of Outer Ring Section A as scheduled; and
- (3) To ensure compliance of Outer Ring Section A with relevant requirements in terms of prospecting design, project construction, inspection and acceptance upon delivery, inspection and acceptance upon completion, operation and toll collection, repair and maintenance, road administration, traffic administration, financial management and project delivery.

Other major provisions

During the concession period, if the Transport Commission deems it necessary for the interests of the public to build additional interchanges, driveways, toll stations and toll passages, through new construction or reconstruction works, beyond the scale of the original planning, requisite approvals must be sought and relevant costs shall be borne by the Transport Commission which may entrust Outer Ring Company to undertake the construction works on its behalf.

In the event of default by any party to the Concession Agreement, the demand for correction or rectification, payment of default penalty, work postponements and / or termination or revocation of the Concession Agreement may arise. In the event that the Concession Agreement requires to be terminated or revoked, the parties to the Concession Agreement shall jointly appoint a qualified appraiser to conduct an appraisal of the amount of investment made by Outer Ring Company, the conditions of Outer Ring Section A and the remaining concession period (if any). In the event of default by Outer Ring Company, the Transport Commission shall acquire Outer Ring Section A from Outer Ring Company at a consideration equivalent to 80% of the appraised value. In the event of default by the Transport Commission, the Transport Commission shall pay compensation based on the appraised value and compensation equivalent to 20% of the appraised value shall be payable.

Pre-conditions to the Concession Agreement

The Concession Agreement shall be conditional upon the following: (i) obtaining all necessary and proper approvals and authorisations for the transactions under the Concession Agreement by the parties to the Concession Agreement, including but not limited to authorisation of the Shenzhen Municipal People's Government and respective approvals of the shareholders of SZ International and the shareholders of SZ Expressway; and (ii) the Joint Investment and Construction Agreement coming into effect.

The Joint Investment and Construction Agreement

Date

18 March 2016

Parties

SZCDGC, SZ Expressway and Outer Ring Company

SZCDGC is a limited company incorporated in the PRC principally engaged in the integrated development of parks and zones, urban unit development, construction of major urban infrastructure facilities, old town conversion and construction of social security houses, and it is the provider of the funds pooled by the government, which is arranged by the Shenzhen Municipal Government. To the best of the knowledge, information and belief of the respective directors of SZ International and SZ Expressway, having made all reasonable enquiries, SZCDGC and its ultimate beneficial owner are Independent Third Parties.

Joint investment in and construction of Outer Ring Section A

In accordance with Joint Investment and Construction Agreement, SZ Expressway and SZCDGC shall jointly invest funds in Outer Ring Company. Outer Ring Company shall utilize the funds invested by SZ Expressway and SZCDGC or arrange financing for the construction of Outer Ring Section A. SZ Expressway and Outer Ring Company shall in aggregate invest funds or arrange financing with an amount of RMB6.5 billion (approximately HK\$7.8 billion), while the balance amount to be contributed by SZCDGC.

According to the approval by Guangdong Provincial Transport Department, the preliminary design estimates of Outer Ring Section A amount to approximately RMB20.6 billion (approximately HK\$24.8 billion), comprising land consolidation costs of approximately RMB5.4 billion (approximately HK\$6.5 billion) and construction costs of approximately RMB15.2 billion (approximately HK\$18.3 billion). Such costs are subject to the audit or finalization by the relevant government authorities, prior to which the preliminary design estimates approved by Guangdong Provincial Transport Department shall be adopted for the time being as the basis for calculation. Hence, the amount of investment to be contributed by SZCDGC is tentatively determined at approximately RMB14.1 billion (approximately HK\$17.0 billion).

Of the RMB6.5 billion (approximately HK\$7.8 billion) to be jointly contributed or financed through arrangements by SZ Expressway and Outer Ring Company, RMB100 million (approximately HK\$120 million) has been contributed by SZ Expressway to Outer Ring Company as the registered capital. The remaining RMB6.4 billion (approximately HK\$7.7 billion) may be raised by Outer Ring Company by pledging the concession rights. Unless agreed by SZCDGC in writing, the interest rate of financing for the construction period shall be in principle not higher than the benchmark interest rate announced by the People's Bank of China for bank loans for the corresponding period.

Payment of investment amounts:

- (1) Funds for the payment of land consolidation costs shall be contributed to Outer Ring Company by SZCDGC according to the plans of various district governments or new district administration committees;
- (2) SZ Expressway (including Outer Ring Company) and SZCDGC shall contribute their respective investment amounts in the same proportion at the same time according to the annual investment plan for Outer Ring Section A approved by competent authorities under the Shenzhen Municipal Government. The amount of investment by SZ Expressway (including Outer Ring Company) will not exceed RMB6.5 billion (approximately HK\$7.8 billion).

The investment by SZCDGC in Outer Ring Company is subject to the receipt of funds by SZCDGC from relevant authorities under the Shenzhen Municipal Government.

Within 7 working days after the issuance of the audit report on the final accounts of Outer Ring Section A upon completion and the completion of audit and finalisation of the Construction Work-Controlled Amount by the Audit Bureau, SZCDGC and SZ Expressway shall complete confirmation of the respective outstanding investment amounts to be contributed by each of them. Unless otherwise stipulated by the government, if any party has not contributed the full amount of its agreed investment, it shall make up the amount falling short to Outer Ring Company within 15 working days from the date on which confirmation is completed. If any party has contributed amounts in excess of its agreed investment, Outer Ring Company shall refund the excess amount to such party.

Income allocation and assumption of risks:

Outer Ring Company shall be the entity for the construction and operation of Outer Ring Section A. It shall be fully in charge of the operation and management of construction, toll collection, facilities, road assets, finance, etc.. of Outer Ring Section A and assume sole responsibility for its own profits or losses with independent operation. Outer Ring Company shall entrust SZ Expressway to manage the construction of Outer Ring Section A. For details, please refer to the section headed “Entrusted construction service fees” below.

During the concession period, Outer Ring Company shall be entitled to the operating rights in respect of Outer Ring Section A stipulated under the Concession Agreement and shall assume the costs, tax expenses, liability and risks associated with its operation, while SZ Expressway shall be entitled to shareholders’ rights in accordance with the law. After the delivery of the construction works for Outer Ring Section A, SZCDGC shall cease to be entitled to the operating rights of Outer Ring Section A, and it shall also cease to assume any costs, tax expenses, liability and risks associated with its operation.

Other major provisions

During the construction period of Outer Ring Section A, SZCDGC shall have the right to supervise the construction and operation of Outer Ring Section A, enquire about the financing of SZ Expressway and Outer Ring Company, and carry out audit in respect of Outer Ring Section A. If SZ Expressway and Outer Ring Company fail to contribute funds or arrange financing as stipulated under the agreement, SZCDGC shall have the right to suspend payments.

SZ Expressway shall have the right to supervise the contribution of funds by SZCDGC as stipulated under the agreement, and to supervise the implementation of the financing plan by Outer Ring Company.

Outer Ring Company shall be responsible for obtaining all necessary approvals for Outer Ring Section A.

Prior to the completion of inspection, acceptance and handover procedures and final accounting procedures upon completion of Outer Ring Section A, SZ Expressway shall not assign or pledge its equity interests in Outer Ring Company without the consent of SZCDGC.

Entrusted construction service fees

Pursuant to the Joint Investment and Construction Agreement, SZ Expressway shall be responsible for the construction and management of Outer Ring Section A, and shall receive entrusted construction service fees.

Entrusted construction service fees shall include entrusted construction management fees and the performance-based bonuses or penalties (if any), subject to finalised figures audited by the Audit Bureau.

Entrusted construction management fees:

Entrusted construction management fees shall be calculated at 1.5% of the Clearance Budget (excluding compensation for land requisitioning, demolition and removal but including pipeline diversion and removal costs) of Outer Ring Section A. Prior to the audit and finalisation of the Clearance Budget, such fees are calculated for the time being on the basis of the construction cost of approximately RMB15.2 billion (approximately HK\$18.3 billion) of the preliminary design estimates. Entrusted construction management fees shall be payable by Outer Ring Company to SZ Expressway in cash by instalments:

- (i) 40% of the entrusted construction management fees shall be payable within 28 days upon the execution of the Joint Investment and Construction Agreement or the commencement of construction of Outer Ring Section A (whichever is later);
- (ii) 20% of the entrusted construction management fees shall be payable within 28 days upon the cost of construction works reaching 40% of the estimated construction cost of the project;
- (iii) 20% of the entrusted construction management fees shall be payable within 28 days upon the cost of construction works reaching 70% of the estimated construction cost of the project;
- (iv) 15% of the entrusted construction management fees shall be payable within 28 days upon the delivery, inspection and acceptance; and
- (v) The remaining entrusted construction management fees shall be settled in full within 28 days upon the expiry of the warranty period and the completion of audit on the final accounts upon completion.

Performance-based bonuses or penalties:

The performance-based bonuses or penalties to be granted to or borne by SZ Expressway shall mainly comprise the bonuses or penalties for construction costs control equivalent to 10% of the difference between the Construction Work-Controlled Amount and the project costs as per the final accounts. The bonuses for construction costs control (if any) shall be payable by Outer Ring Company to SZ Expressway in cash by instalments:

- (i) Upon the delivery of various construction works (such as road understructure, bridges and culverts), SZ Expressway shall conduct preliminary calculations of the aggregate costs of such works, on which basis the preliminary amount of the bonuses for construction costs control shall be calculated. Outer Ring Company shall pay 50% of the aforesaid preliminary amount within 30 days;

- (ii) After the opening of Outer Ring Section A, Outer Ring Company shall pay the second instalment of the award within 15 days after the delivery settlement amount has been audited and finalised by the Audit Bureau, whereby the aggregate amount paid shall be 80% of the bonuses for construction costs control calculated on the basis of the delivery settlement amount; and
- (iii) Outer Ring Company shall pay the remaining amount of the bonuses for construction costs control within 15 days after the final accounts of Outer Ring Section A upon completion has been audited and finalised.

In the event that the project costs as per the final account exceed the Construction Work-Controlled Amount, SZ Expressway shall be required to pay the penalties for construction costs control equivalent to 10% of the amount in excess.

In addition to the bonuses or penalties for construction costs control, SZ Expressway may also be entitled to other bonuses (if any) or subject to penalties (if any) in connection with quality management, safety management and construction schedule management. It is expected that such other bonuses (or penalties, as the case may be) will not have any material impact on the total amount of entrusted construction service fees.

Entrusted construction service fees may be increased or decreased as a result of changes in construction works, delays in the schedule of construction, and the performance of SZ Expressway in agreement. Based on the terms of the Concession Agreement and the Joint Investment and Construction Agreement and in view of the scale of Outer Ring Section A, the directors of SZ Expressway are of the view that the total amount of entrusted construction service fees will not be more than RMB380 million (approximately HK\$460 million), subject to the finalised amount audited by the Audit Bureau.

Pre-conditions to the Joint Investment and Construction Agreement

The Joint Investment and Construction Agreement shall be conditional upon obtaining all necessary and proper approvals and authorisations for the transactions under the Joint Investment and Construction Agreement by the parties to the Joint Investment and Construction Agreement, including but not limited to respective approvals of the shareholders of SZ International and the shareholders of SZ Expressway.

Information on Outer Ring Section A

Shenzhen Outer Ring Expressway runs from east to west with its main portion located in northern Shenzhen, although some of its route locations are situated within Dongguan. It is an important component of the highway network planning of Shenzhen and Dongguan, as well as an enhancement route in the main framework of the Guangdong provincial expressway network comprising of “9 vertical roads + 5 horizontal roads + 2 ring roads.” Shenzhen Outer Ring Expressway starts in Bao’an District, Shenzhen connecting with Guangshen Coastal Expressway and ends in Dapeng New District, Shenzhen connecting with Yanba Expressway with a total mileage of approximately 93 km, comprising of approximately 76 km for the Shenzhen Section and approximately 17 km for the Dongguan Section. Outer Ring Section A starts in Bao’an District, Shenzhen connecting Guangshen Coastal Expressway and runs through Guangming New Area, Longhua New Area, Dongguan City (the Dongguan Section not being covered by this project), Longgang District and Pingshan New District, connecting with the planned Julong Road after the inter-connection with Shenzhen-Shantou Expressway. It provides 6 lanes in two directions with a length of approximately 60 km.

Reasons for and benefits of entering into the Concession Agreement and the Joint Investment and Construction Agreement

The investment, construction, operation and management of toll highways and roads is within the scope of the ordinary and usual business of SZ Expressway. Outer Ring Section A is an important component of the Guangdong provincial expressway network with distinctively advantageous route locations. The plan for the investment and construction and management of Outer Ring Section A (including investing or arranging financing for the amount of RMB6.5 billion (approximately HK\$7.8 billion) by SZ Expressway and Outer Ring Company) and the relevant terms are determined among SZ Expressway, Outer Ring Company, Transport Commission and SZCDGC after arm's length negotiations. When determining the relevant plan and terms, each party has taken into consideration multiple factors including but not limited to the valuation and consultation report prepared by DP International, the advantageous route locations, the strategic implication of investing in Outer Ring Section A for SZ Expressway, etc.

By entering into the Concession Agreement and the Joint Investment and Construction Agreement, SZ Expressway can acquire the concession rights of Outer Ring Section A with reasonable investments, which will allow SZ Expressway to enlarge the size of its assets, enhance the scope of development in future for its principal business and consolidate its market share in the expressway network of Shenzhen. Meanwhile, the management of the construction works for Outer Ring Section A will enable SZ Expressway to further develop its entrusted construction management business, utilise its proven expertise and experience in the construction management sector, further strengthen its construction management capabilities and receive reasonable income and return. Moreover, as the plan for the investment in and construction and management of Outer Ring Section A represents a toll highway project carried out by SZ Expressway and the Shenzhen Municipal Government under the PPP model, it can effectively achieve a balance between public interests of infrastructure facilities and reasonable return for commercial investments, so that the society, the government and the enterprises can all reap benefits. The execution of the Concession Agreement and the Joint Investment and Construction Agreement is consistent with the overall strategy of SZ Expressway to engage in the investment and construction, operation and management of toll highways and roads. The enhancement of SZ Expressway's competitive edge in its core business is in the interests of SZ International as a whole.

The boards of directors of each of SZ International and SZ Expressway are of the view that the terms and conditions of the Concession Agreement and the Joint Investment and Construction Agreement are fair and reasonable and in the interests of SZ International and SZ Expressway and their respective shareholders as a whole.

Valuation of the operating right for Outer Ring Section A

SZ Expressway has appointed DP International to carry out valuation and consultation of the operating right for Outer Ring Section A as at 31 December 2018. The benchmark date for valuation and consultation is 31 December 2018. The income approach is adopted in assessing the value of the operating right for Outer Ring Section A.

Key assumptions for this valuation and consultation (including commercial assumptions) mainly include:

- (1) there will be no material changes in future economic, market or social environment (such as national macro-economic policies, market supply and demand conditions, fiscal and taxation policies, domestic and foreign trade policies, environmental protection policies, financial and monetary policies, etc.);
- (2) there will be no material changes in the taxation and tax rate policies adopted by companies where the assets to be valued are located after the benchmark date;
- (3) there will be no material adverse effect on the assets to be valued arising from any force majeure after the benchmark date for valuation;
- (4) accounting policies adopted in respect of the assets to be valued after the benchmark date for valuation will remain consistent in all material aspects.
- (5) Outer Ring Section A will be completed and open to traffic on 31 December 2018;
- (6) the concession period of Outer Ring Section A will be 25 years, commencing on 31 December 2018 and ending on 31 December 2043;
- (7) the future toll rates of Outer Ring Section A upon completion will be consistent with the Guangdong provincial expressway toll rates applicable as at 30 June 2015, and will remain unchanged during its concession period of 25 years;
- (8) the conditions of Outer Ring Section A after completion of the construction on the benchmark date for valuation are basically in consistence with the planning and design proposal as at the date of issue of the valuation and consultation report; and
- (9) when calculating the discount rate, the parameters of the discount rate are based on the data acquired as of 31 October 2015.

In addition, for the valuation and consultation, factors including the projected operation income of Outer Ring Section A, the historical industry cost and similar costs of SZ Expressway are taken into consideration, and the operation and cash flow of Outer Ring Section A in future has been estimated and calculated.

Based on the above assumptions, the valuation and consultation of the operating right for Outer Ring Section A as at the benchmark date for valuation and consultation, namely, 31 December 2018, is RMB6.51 billion (approximately HK\$7.84 billion).

The boards of directors of each of SZ International and SZ Expressway have reviewed the principal assumptions adopted in the valuation and consultation, and are of the view that the valuation and consultation has been made after due and careful enquiries. The calculation of discounted future estimated cash flows on which the valuation and consultation of DP International is based has been reviewed by PwC, the auditor of SZ International, and PwC Zhong Tian LLP, the auditor of SZ Expressway. The relevant letters from the respective boards of directors of SZ International and SZ Expressway, as well as the letters from PwC and PwC Zhong Tian LLP are included in Appendices I, II, III and IV of this announcement respectively.

Information of SZ International, SZ Expressway and Outer Ring Company

SZ International

SZ International and its subsidiaries are principally engaged in the investment, construction and operation of logistic infrastructure facilities, as well as provision of various value-added logistic services to customers leveraging its infrastructure facilities and information services platform.

SZ Expressway

SZ Expressway and its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways and roads. SZ Expressway is a 50.889%-owned subsidiary of SZ International.

Outer Ring Company

Outer Ring Company is a company established in the PRC and a wholly-owned subsidiary of SZ Expressway. It is mainly engaged in the development, construction, toll collection and management of Outer Ring Expressway (Shenzhen Section).

Listing Rules implications

For SZ International and SZ Expressway, as one applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder is more than 25% but lower than 100%, the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder constitute a major transaction for SZ International and SZ Expressway subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Concession Agreement and the Joint Investment and Construction Agreement are subject to the approval by the shareholders of SZ International and SZ Expressway.

SGM of SZ International

SZ International will convene a SGM, at which resolution(s) will be proposed to consider and, if thought fit, approve the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the directors of SZ International, having made all reasonable enquiries, none of the shareholders of SZ International is required to abstain from voting in respect of the resolution(s) approving the Concession Agreement, the Joint Investment and Construction Agreement and transactions contemplated thereunder at the SGM.

A circular containing, among other things, (i) further details of the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder; (ii) the notice convening the SGM of SZ International; and (iii) other information required under the Listing Rules will be despatched by SZ International to its shareholders on or before 20 April 2016. As additional time is required to collate the relevant information to be included in the circular, the expected date of despatch of the circular is more than 15 business days after the publication of this announcement.

AGM of SZ Expressway

Resolution(s) is currently expected to be proposed for shareholders' approval at the AGM of SZ Expressway whereby shareholders will consider and, if thought fit, approve the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the directors of SZ Expressway, having made all reasonable enquiries, none of the shareholders of SZ Expressway is required to abstain from voting in respect of the resolution(s) approving the Concession Agreement, the Joint Investment and Construction Agreement and transactions contemplated thereunder at the AGM.

A circular containing, among other things, (i) further details of the Concession Agreement, the Joint Investment and Construction Agreement and the transactions contemplated thereunder; (ii) the notice convening the AGM of SZ Expressway; and (iii) other information required under the Listing Rules will be despatched by SZ Expressway to its shareholders on or before 20 April 2016. As additional time is required to collate the relevant information to be included in the circular, the expected date of despatch of the circular is more than 15 business days after the publication of this announcement.

Experts and consents

The following are the qualifications of the experts who have given opinions or advice contained in this announcement:

<i>Name</i>	<i>Qualifications</i>
DP International	an independent qualified valuer in the PRC engaged in valuation
PwC Zhong Tian LLP	Certified Public Accountants, the PRC
PwC	Certified Public Accountants, Hong Kong

To the best of the knowledge, information and belief of each of the respective directors of SZ International and SZ Expressway, having made all reasonable enquiries, each of DP International, PwC Zhong Tian LLP and PwC is an Independent Third Party of SZ International and SZ Expressway respectively.

As at the date of this announcement, none of DP International, PwC Zhong Tian LLP and PwC is beneficially interested in any shareholdings in any member of SZ International or SZ Expressway or has any right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for securities in any member of SZ International or SZ Expressway.

Each of DP International, PwC Zhong Tian LLP and PwC has given and has not withdrawn its consent to the publication of this announcement with the inclusion of its opinion and advice and all references to its name in the form and context in which they are included.

DEFINITIONS

“AGM”	the forthcoming annual general meeting to be convened by SZ Expressway for the purpose of considering and, if thought fit, approving, among others, the Concession Agreement and the Joint Investment and Construction Agreement and the transactions contemplated thereunder
“Audit Bureau”	the Specialised Bureau for the Audit of Government Investments of the Audit Bureau of Shenzhen
“Clearance Budget”	the project estimates in relation to the Outer Ring Section A as endorsed by the Shenzhen Municipal Development and Reform Commission prior to the completion of construction works
“Concession Agreement”	the concession contract in connection with Outer Ring Section A entered into between the Transport Commission and Outer Ring Company on 18 March 2016
“Construction Work-Controlled Amount”	the basis for calculating the bonuses or penalties for construction costs control based on the Clearance Budget and subject to adjustments in the event of changes in the prices of major raw materials and changes in the construction works in accordance with the specific terms of the Joint Investment and Construction Agreement (the final amounts of such adjustments being subject to the audit result of the Audit Bureau)
“ DP International”	DP International Appraisal Limited (深圳德正信國際資產評估有限公司), a qualified independent valuer engaged in valuation in the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party / Parties”	individuals or companies independent from SZ International and SZ Expressway and their respective connected persons (as defined in the Listing Rules)
“Joint Investment and Construction Agreement”	the joint investment and construction agreement entered into among SZCDGC, SZ Expressway and Outer Ring Company in connection with the Outer Ring Section A on 18 March 2016.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outer Ring Company”	Shenzhen Outer Ring Expressway Investment Company Limited (深圳市外環高速公路投資有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Shenzhen Expressway

“Outer Ring Expressway (Shenzhen Section)”	the Shenzhen Section of Shenzhen Outer Ring Expressway
“Outer Ring Section A”	the Shenzhen Section of Shenzhen Outer Ring Expressway (Coastal Expressway – Shenshan Expressway Section)
“PPP model”	Public-Private-Partnership, a partnership formed between the government and private entities based on the concession agreement for the purpose of constructing urban infrastructure or providing public goods and services
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“PwC”	PricewaterhouseCoopers
“PwC Zhong Tian LLP”	PricewaterhouseCoopers Zhong Tian LLP
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting to be convened by SZ International for the purpose of considering and, if thought, approving the Concession Agreement and the Joint Investment and Construction Agreement and the transactions contemplated thereunder
“Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“SZ Expressway”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“SZ International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“SZCDGC”	Shenzhen SEZ Construction and Development Group Co., Ltd. (深圳市特區建設發展集團有限公司), a limited liability company incorporated in the PRC
“Transport Commission”	the Transport Commission of Shenzhen Municipality (深圳市交通運輸委員會)

Note:

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.83. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts in RMB or HK\$ were or may have been exchanged at this or any other rates or at all.

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, 18 March 2016

As at the date of this announcement, the board of directors of SZ International consists of Messrs. Gao Lei, Li Jing Qi, Zhong Shan Qun, Liu Jun and Li Lu Ning as executive directors, Dr. Yim Fung, JP as a 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. LI Jing Qi (Non-executive Director), Mr. ZHAO Jun Rong (Non-executive Director), Mr. TSE Yat Hong (Non-executive Director), Ms. ZHANG Yang (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. SHI Xian Liang (Independent Non-executive Director).

In this announcement, certain English names are translation of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.

APPENDIX I – LETTER FROM THE BOARD OF DIRECTORS OF SHENZHEN INTERNATIONAL HOLDINGS LIMITED

18 March 2016

The Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Sirs,

Re: The operating right for the Shenzhen Section of Shenzhen Outer Ring Expressway (Coastal Expressway – Shenshan Expressway Section)

Reference is made to the valuation of the operating right for the Shenzhen Section of Shenzhen Outer Ring Expressway (Coastal Expressway – Shenshan Expressway Section) as at 31 December 2018 prepared by DP International Appraisal Limited (“**DP International**”) (the “**Valuation**”) as mentioned in the joint announcement of Shenzhen International Holdings Limited (the “**Company**”) and Shenzhen Expressway Company Limited (a 50.889%-owned subsidiary of the Company) dated 18 March 2016. The Valuation is set out in the valuation and consultation report regarding the operating right for the Shenzhen Section of Shenzhen Outer Ring Expressway (Coastal Expressway – Shenshan Expressway Section) issued by DP International on 15 January 2016 (the “**Valuation and Consultation Report**”).

As the Valuation is prepared using the discounted future estimated cash flows pursuant to Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Valuation constitutes a profit forecast (the “**Profit Forecast**”) under the Listing Rules.

We have reviewed the Valuation and Consultation Report prepared by DP International and considered the letter to the Company dated 18 March 2016 issued by PwC, the auditor of the Company, regarding whether the discounted future estimated cash flows on which the Valuation is based, so far as the calculations are concerned, has been properly compiled.

On the basis of the foregoing, we are of the view that the Profit Forecast has been made after due and careful enquiries.

Yours faithfully,
By Order of the Board
Shenzhen International Holdings Limited

Gao Lei
Chairman

APPENDIX II - LETTER FROM THE BOARD OF DIRECTORS OF SHENZHEN EXPRESSWAY COMPANY LIMITED

18 March 2016

The Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Sirs,

Re: The operating right for the Shenzhen Section of Shenzhen Outer Ring Expressway (Coastal Expressway – Shenshan Expressway Section)

Reference is made to the valuation of the operating right for the Shenzhen Section of Shenzhen Outer Ring Expressway (Coastal Expressway – Shenshan Expressway Section) as at 31 December 2018 set out in the valuation and consultation report dated 15 January 2016 prepared by DP International Appraisal Limited (“**DP International**”) (the “**Valuation and Consultation Report**”), an independent valuer appointed by Shenzhen Expressway Company Limited (“**Company**”). The valuation set out in the Valuation and Consultation Report constitutes a profit forecast (the “**Profit Forecast**”) under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have reviewed the Valuation and Consultation Report prepared by DP International and discussed relevant matters (including the bases and assumptions upon which the valuation and consultation have been prepared). We have also considered the letter from our auditor, PwC Zhong Tian LLP dated 18 March 2016 addressed to the Company regarding whether the valuation and consultation have been properly compiled so far as the calculations are concerned.

On the foregoing basis, we are of the view that the Profit Forecast set out in the Valuation and Consultation Report has been prepared by DP International after due and careful enquiries.

Yours faithfully,
By Order of the Board
Shenzhen Expressway Company Limited

HU Wei
Chairman

The following is the text of the report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this announcement.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATION OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF OPERATING RIGHTS OF THE SHENZHEN SECTION OF SHENZHEN OUTER RING EXPRESSWAY (COASTAL EXPRESSWAY – SHENSHAN EXPRESSWAY SECTION)

TO THE BOARD OF DIRECTORS OF SHENZHEN INTERNATIONAL HOLDINGS LIMITED

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the valuation (the “Valuation”) dated 15 January 2016 prepared by DP International Appraisal Limited in respect of the appraisal of the fair value of operating rights of the Shenzhen Section of Shenzhen Outer Ring Expressway (Coastal Expressway – Shenshan Expressway Section) (the “Outer Ring Section A”) (the “Target Asset”) as at 31 December 2018 is based. The Valuation is in connection with the announcement of Shenzhen International Holdings Limited (the “Company”) dated 18 March 2016 (the “Announcement”) in relation to the concession agreement to be entered between the Transport Commission of Shenzhen Municipality and Shenzhen Outer Ring Expressway Investment Company Limited, a subsidiary of the Company, in respect of the Outer Ring Section A. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the “Listing Rules”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



羅兵咸永道

Reporting Accountant's Responsibilities

It is our responsibility to report, as required by paragraph 29(2) of Appendix 1B of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Asset.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKCIPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions in the Valuation. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out in the Valuation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 18 March 2016

The following is the text of the report received from PricewaterhouseCoopers Zhong Tian LLP, for the purpose of inclusion in this announcement.



普华永道

INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE CALCULATION OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF OPERATING RIGHT OF SHENZHEN SECTION OF SHENZHEN OUTER RING EXPRESSWAY (COASTAL EXPRESSWAY – SHENSHAN EXPRESSWAY SECTION)

TO THE BOARD OF DIRECTORS OF SHENZHEN EXPRESSWAY COMPANY LIMITED

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the valuation (the “Valuation”) dated 15 January 2016 prepared by DP International Appraisal Limited in respect of the appraisal of the fair value of operating right of Shenzhen Section of Shenzhen Outer Ring Expressway (Coastal Expressway – Shenshan Expressway Section) (the “Outer Ring Section A”) (the “Target Asset”) as at 31 December 2018 is based. The Valuation is in connection with the announcement of Shenzhen Expressway Company Limited (the “Company”) dated 18 March 2016 (the “Announcement”) in relation to concession agreement to be entered between the Transport Commission of Shenzhen Municipality and Shenzhen Outer Ring Expressway Investment Company Limited, a subsidiary of the Company, in respect of the Outer Ring Section A. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the “Listing Rules”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting Accountant's Responsibilities

It is our responsibility to report, as required by paragraph 29(2) of Appendix 1B of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Asset.

We conducted our work in accordance with the China Standard on Other Assurance Engagements No.3101 - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by Chinese Institute of Certified Public Accountant. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in the Valuation. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out in the Valuation.

PricewaterhouseCoopers Zhong Tian LLP

Certified Public Accountant: Zhou Wei Ran

Shanghai, the People's Republic of China
18 March 2016

Certified Public Accountant: Hou Ying Hua