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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
PROPOSED CAPITAL INJECTION IN SHENZHEN WATER
PLANNING & DESIGN INSTITUTE COMPANY LIMITED
BY SHENZHEN EXPRESSWAY**

**RECOGNITION OF SZ EXPRESSWAY AS A STRATEGIC INVESTOR IN THE
WATER PLANNING COMPANY CAPITAL INJECTION PROJECT**

The respective board of directors of SZ International and SZ Expressway (a 50.889% owned subsidiary of SZ International) are pleased to announce that on 6 April 2017, SZ Expressway and SZ Property Exchange signed the confirmation of the transaction, pursuant to which SZ Expressway is recognised as the finalised Type A investor in the Water Planning Company Capital Injection Project, and it shall inject RMB61,890,000 into Water Planning Company in return for 15% registered capital in Water Planning Company upon completion of the capital injection. SZ Expressway will enter into the Capital Injection Agreement with Water Planning Company and its shareholder(s) upon expiry of the public notification period of the Water Planning Company Capital Injection Project.

Upon completion of Water Planning Company Capital Injection Project, the registered capital of Water Planning Company will be increased from RMB20 million to RMB40 million, among which SZ Expressway shall own RMB6 million, representing 15% equity interest in Water Planning Company (the price being RMB10.315 per registered capital of Water Planning Company).

Pursuant to the Water Planning Company Capital Injection Project, the final shareholding of SZ Expressway in Water Planning Company will be confirmed after negotiation among all investors in Water Planning Company. However, in any event SZ Expressway's shareholding will not exceed 30% of the registered capital in Water Planning Company upon completion of the Water Planning Company Capital Injection Project, and the price of each registered capital of Water Planning Company shall not be changed. Accordingly, the actual injection amount to be contributed by SZ Expressway will not exceed RMB124 million.

PRINCIPAL TERMS OF WATER PLANNING COMPANY CAPITAL INJECTION PROJECT

In order to solicit investors in public, SIHCL entrusted SZ Property Exchange to issue the Project Announcement in January 2017 for disclosing the information in relation to the capital injection in Water Planning Company. Pursuant to the Project Announcement, Water Planning Company will solicit 3 types of strategic investors (not more than 1 investor for each type of investor) and implement the policy of letting its management and core backbone members to become its shareholders. The strategic investors will be divided into Type A, B and C, and their respective registered capital amount to be contributed will be RMB6 million, RMB4 million and RMB2 million. The registered capital of RMB8 million will be contributed by the management and core backbone members of Water Planning Company. Assuming the additional registered capital of RMB20 million under the Water Planning Company Capital Injection Project is fully subscribed, Type A, B and C strategic investors and the management and core backbone members of Water Planning Company will hold 15%, 10%, 5% and 20% equity interest in Water Planning Company respectively.

The listing price under Water Planning Company Capital Injection Project is RMB10.315 per registered capital. The strategic investors and the management and core backbone members are offered with the same price.

Potential investor shall apply for participation in the Water Planning Company Capital Injection Project with SZ Property Exchange during the period from 19 January 2017 to 20 March 2017. Potential investor who meets with the participation requirements is eligible to carry out the competitive negotiations with the competitive negotiation group organized by SZ Property Exchange. The finalised investor, price of the capital injection, and the proportion of shareholding in Water Planning Company will be determined in the competitive negotiations.

If ultimately there are less than three types of strategic investors due to any unforeseen factors, or the management and core backbone members of Water Planning Company subscribe less than 20% the registered capital in Water Planning Company (upon completion of the Water Planning Company Capital Injection Project), the unsubscribed portion shall be subscribed by the strategic investors in proportion to the registered capital amount to be contributed by such strategic investors under the Water Planning Company Capital Injection Project. Nonetheless, no party shall hold more than 30% of the registered capital in Water Planning Company upon completion of the Water Planning Company Capital Injection Project.

Other Commitments

A strategic investor shall not transfer or pledge all or part of its equity interest in Water Planning Company within 3 years from the date it first obtain the equity interest in Water Planning Company (except due to enforcement of any judgments or arbitral awards by the judiciary or arbitration authorities). Upon expiration of the said 3-year period, such strategic investor may transfer or pledge of its equity interest in Water Planning Company after having obtained approval from the shareholders of Water Planning Company (interested shareholder shall abstain from voting). Should Water Planning Company becomes a listed company in future, the strategic investor shall be subject to a lock-up period of not less than 24 months from the listing date of Water Planning Company, and may dispose of its equity interest in Water Planning Company in accordance with the relevant laws and regulations upon expiry of the lock-up period.

A strategic investor and its controlled company, its actual controller and the controlled companies of the aforesaid parties, shall not engage in business in relation to water conservancy research, consultation, design and other technical services, and shall not hold any design qualification in relation to water conservancy industry (or profession). There shall not be any concerted party relation between any strategic investors, each strategic investor shall undertake that during the listing application process of Water Planning Company in future, it will conduct business reorganisation with Water Planning Company or eliminate the relevant impact in order to meet the non-competition requirements raised by the relevant authorities.

A strategic investor must ensure the source of its capital injection is legitimate, and the capital injection must be paid by cash in a one-off manner.

SZ EXPRESSWAY'S PARTICIPATION IN THE WATER PLANNING COMPANY CAPITAL INJECTION PROJECT

SZ Expressway intended to be a type A strategic investor and had made relevant application within the prescribed period. It had joined the competitive negotiation on 1 April 2017, during which the strategic investors mainly negotiated about their respective comprehensive strength, operation resources and their offer on the capital injection, of which the offer price for each registered capital of Water Planning Company shall not lower than the listing price of RMB10.315 per registered capital. On 6 April 2017, SZ Expressway and SZ Property Exchange signed the confirmation of the transaction, pursuant to which SZ Expressway is recognised as the finalised Type A investor in the Water Planning Company Capital Injection Project, and it shall inject RMB61,890,000 into Water Planning Company in return for 15% registered capital in Water Planning Company upon completion of the capital injection. The price is RMB10.315 per registered capital, which is same as the listing price stated in the Project Announcement. SZ Expressway will enter into the Capital Injection Agreement with Water Planning Company and its shareholder(s) upon expiry of the public notification period of the Water Planning Company Capital Injection Project.

INFORMATION ON WATER PLANNING COMPANY

Water Planning Company is a limited liability company established in the PRC with a registered capital of RMB20 million. It is wholly-owned by SIHCL as at the date of this announcement. It principally engages in scientific research, consultation, survey, measurement and design of water, municipal, construction and landscape planning projects; water construction quality inspection; research on hydrological and water resources, pollution control facilities operation services; survey and design of geological disaster management; and general contracting, project management and related technical and management services of construction projects.

According to the information disclosed by Water Planning Company, it is one of the first comprehensive water management survey and design organization in the PRC. It processes 7 A-grade qualifications in areas such as water conservancy industry, municipal water supply and drainage, comprehensive engineering survey and surveying etc. It is renowned in the industry for its advanced international concept and excellent design. It has the first class overall technical strength in the PRC and is one of the top 500 PRC enterprises in the field of survey and design, and one of the top 50 PRC enterprises in the field of water conservancy survey and design.

Pursuant to the Project Announcement, the financial information of Water Planning Company for the two years ended 31 December 2015 and the four months ended 30 April 2016 (audited

and prepared in accordance with CASBE) is set out below:

Unit: RMB'000

	As at 31 December 2014	As at 31 December 2015	As at 30 April 2016
Total assets	257,103	314,636	284,868
Total liabilities	136,149	176,353	146,406
Net assets	120,954	138,283	138,462
	For the year ended 31 December 2014	For the year ended 31 December 2015	For the 4 months ended 30 April 2016
Revenue	289,653	282,647	73,328
Net profit	20,563	20,722	3,678

REASONS FOR AND BENEFITS OF PARTICIPATION IN THE WATER PLANNING COMPANY CAPITAL INJECTION PROJECT BY SZ EXPRESSWAY

SZ Expressway's strategic choice of expanding into new industry has targeted on environmental protection industry which mainly comprises water environment management, solid waste treatment. The board of directors of SZ Expressway believes that, after years of development, Water Planning Company has become a comprehensive water planning and design institute with a number of A-grade water and municipal water supply and drainage qualifications. By investing in Water Planning Company at a reasonable price, SZ Expressway can, on the one hand, expand its environmental business and achieve a reasonable investment return; on the other hand, replenish its professional technical resources in expanding its business in water environmental management and thereby produce industrial synergies. Upon completion of the transaction, SZ Expressway may appoint a director to Water Planning Company, which provide an opportunity for SZ Expressway to accumulate management experience in the environmental protection industry and cultivate talents in the field of environmental protection. SZ Expressway is a subsidiary of SZ International, SZ Expressway could expand its environmental business at a reasonable price and expects to generate desirable investment return which is in the interests of SZ International as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, SZ Expressway is a subsidiary of SZ International, SIHCL is the controlling shareholder of SZ International which indirectly holds approximately 44.26% equity interest in SZ International and the sole shareholder of Water Planning Company. Accordingly, SIHCL and Water Planning Company are connected persons of SZ International and SZ Expressway pursuant to Chapter 14A of the Listing Rules, and the transaction contemplated under the Capital Increase Agreement to be entered by SZ Expressway constitutes a connected transaction of SZ International and SZ Expressway. SZ International and SZ Expressway will comply with the relevant requirements under the Listing Rules upon signing the Capital Injection Agreement.

Pursuant to the Water Planning Company Capital Injection Project, the final shareholding of SZ Expressway in Water Planning Company will be confirmed after negotiation among all investors in Water Planning Company. However, in any event SZ Expressway's shareholding will not exceed 30% of the registered capital in Water Planning Company upon completion of the Water Planning Company Capital Injection Project, and the price of each registered capital of Water Planning Company shall not be changed. Moreover, SZ Expressway's capital injection into Water Planning Company is still subject to public notification and the signing of the Capital Injection Agreement by SZ Expressway, Water Planning Company and its shareholder(s) after such public notification period. As such, shareholders of SZ International and SZ Expressway are hereby reminded of the aforesaid uncertainty when dealing in the respective shares of SZ International and SZ Expressway.

DEFINITIONS

“Capital Injection Agreement”	the corporate capital injection agreement to be entered into among SZ Expressway, Water Planning Company and its shareholder(s) in relation to the proposed capital injection by SZ Expressway to Water Planning Company in return of its equity interest upon expiry of the public notification period
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Announcement”	the “ <i>Announcement of the 50% capital increase project of Shenzhen Water Planning & Design Institute Company Limited</i> ” dated 18 January 2017 issued by the SZ Property Exchange
“registered capital”	capital contributions subscribed by all the shareholders which is registered in the company registration authority
“RMB”	Renminbi, the lawful currency of the PRC
“SIHCL”	深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited), a company incorporated in 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 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

“SZ Property Exchange”	Shenzhen United Property and Share Rights Exchange
“Water Planning Company”	Shenzhen Water Planning & Design Institute Company Limited (深圳市水務規劃設計院有限公司), a limited liability company incorporated in the PRC and wholly-owned by SIHCL as at the date of this announcement
“Water Planning Company Capital Injection Project”	the proposed increase of 50% capital in Water Planning Company by way of capital injection by strategic investors

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, PRC, 6 April 2017

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).