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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
PARTICIPATION IN THE INTERNET BIDDING FOR
20% EQUITY INTEREST IN CHONGQING DERUN ENVIRONMENT
COMPANY LIMITED BY SHENZHEN EXPRESSWAY**

INTRODUCTION

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 19 May 2017, Environment Company, a wholly-owned subsidiary of SZ Expressway, has applied to the Assets and Equity Exchange for participation in the Internet Bidding for 20% equity interest in Derun Environment.

INTERNET BIDDING

Pursuant to the announcement issued by Assets and Equity Exchange on 6 April 2017, potential purchaser which meets with the participation requirements may participate the Internet Bidding through the platform provided by Assets and Equity Exchange. The participant who offers the highest bid price may enter into the Equity Transfer Agreement with Water Asset and acquire 20% equity interest in Derun Environment. Details of the Internet Bidding are as follows:

(i) Listing Period

From 7 April 2017 to 19 May 2017.

If no potential purchaser has been solicited upon expiry of the listing period, such listing period will be extended for a period of 5 business days whilst the listing conditions shall remain unchanged. The listing period can be extended for a 5 business-day period for at most 3 times.

(ii) Vendor

Water Asset.

To the best knowledge and belief of the respective board of directors of SZ International and SZ Expressway and having made all reasonable enquiries, each of Water Asset, Suyu Industry and their respective ultimate beneficial owners is independent third party of SZ International and SZ Expressway respectively.

(iii) Target Asset

20% equity interest in Derun Environment owned by Water Asset.

(iv) Minimum price of the listing

The minimum price for the transfer is RMB4,408,644,500.

(v) Method of transaction

If there is only one qualified potential purchaser upon expiry of the listing period, then the parties will enter into agreement and proceed with the transfer of the 20% equity interest in Derun Environment. If there are two or more qualified potential purchasers upon expiry of the listing period, then the transferee should be determined by multiple bidding process through the Internet Bidding.

Once a potential purchaser is determined as the transferee through the Internet Bidding and having paid the guarantee deposit of RMB500 million, it is legally obliged to enter into the equity transfer agreement and acquire the 20% equity interest in Derun Environment. Should such transferee breaches its legal obligation and fails to proceed with the acquisition of 20% equity interest in Derun Environment, the guarantee deposit will be forfeited.

The Assets and Equity Exchange shall further arrange for the Internet Bidding (if necessary).

(vi) Completion of the transaction

After a potential purchaser has won the bid of the 20% equity interest in Derun Environment, it has to enter into an equity transfer agreement with Water Asset within 5 business days. Pursuant to the draft equity transfer agreement disclosed by the Assets and Equity Exchange, the transferee is expected to pay the consideration to Water Asset within 5 business days after having entered into the equity transfer agreement on a one-off basis. Water Asset and the transferee shall execute all relevant business registration documents within 5 business days after the full payment of the consideration, and submit those documents to the business registration authority and proceed with the transfer procedure in relation to the 20% equity interest in Derun Environment within 5 business days after all documents are in place.

(vii) Further arrangement of the Internet Bidding

The Assets and Equity Exchange will confirm the eligibility for participation of each potential purchaser and arrange the Internet Bidding (if necessary) recently. SZ International and SZ Expressway will make announcement(s) on further relevant development.

INFORMATION ON DERUN ENVIRONMENT

Derun Environment is a company incorporated in the PRC with limited liability in October 2014 with a registered capital of RMB1 billion. It is owned as to 74.9% and 25.1% by Water Asset and Suyu Industry, respectively. The principal business of Derun Environment is investment holding, its major assets comprise of 50.04% equity interest in Water Group and 57.12% equity interest in San Feng Environment, which were acquired by Derun Environment in December 2015 and May 2015, respectively. The principal business of Water Group covers investment, construction, management, design and technical consultation service in relation to water supply and drainage project and the principal business of San Feng Environment covers construction and operation of waste incineration power generation plants, and consultation service and development of environmental protection technology.

REASONS FOR AND BENEFITS OF PARTICIPATION IN THE INTERNET BIDDING

SZ Expressway principally engages in the investment, construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities. As disclosed in SZ Expressway's 2016 annual report, apart from consolidating and enhancing of its main business of toll highway, SZ Expressway has carefully studied and taken into account the country's industrial policies and its own advantages, adopted the strategic choice of having the large environmental protection industry that takes water environment treatment and solid waste treatment as the main content as its new direction for industry development.

As Derun Environment is a comprehensive environmental enterprise with two major business segments: water treatment and waste incineration power generation, SZ Expressway believes that Derun Environment has stable profitability, abundant cash flow, strong scale advantages, regional competitive advantage and growth potentials. Through the acquisition of Derun Environment's equity interest by Environment Company at a reasonable price, SZ Expressway can expand its environmental business and obtain a reasonable return on investment. On the other hand, SZ Expressway may also carry out deep-level cooperation with Derun Environment and complement each other's advantages in business development. Since SZ Expressway is a subsidiary of SZ International, expansion in the environmental industry by SZ Expressway at a reasonable price and the expected investment returns to be brought along by such expansion is beneficial to SZ International as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Should Environment Company win the Internet Bidding and become a transferee, it has to enter into an equity transfer agreement with Water Asset in relation to the acquisition of the 20% equity interest in Derun Environment. Subject to the result of the Internet Bidding and the final bidding price submitted by Environment Company, it is expected the transaction contemplated under the equity transfer agreement will constitute a discloseable transaction of SZ International and a major transaction of SZ Expressway, respectively. SZ International and SZ Expressway will comply with the relevant requirements under the Listing Rules in the event Environment Company wins the Internet Bidding and becomes a transferee. It is uncertain as to whether Environment Company will win the Internet Bidding or not, 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

“Assets and Equity Exchange”	Chongqing Assets and Equity Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Derun Environment”	Chongqing Derun Environment Company Limited, a company incorporated in the PRC with limited liability, which is owned as to 74.9% and 25.1% by Water Asset and Suyu Industry as at the date of this announcement
“Environment Company”	Shenzhen Expressway Environment Company Limited (深圳高速環境有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SZ Expressway

“Internet Bidding”	the bidding process carried out by Water Asset for the sale of 20% equity interest in Derun Environment through Assets and Equity Exchange on the internet in order to determine the purchaser and the consideration
“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
“RMB”	Renminbi, the lawful currency of the PRC
“San Feng Environment”	Chongqing San Feng Environmental Industrial Group Co., Ltd. (重慶三峰環境產業集團有限公司), a company incorporated in the PRC with limited liability and owned as to 57.12% by Derun Environment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suyu Industry”	Chongqing Suyu Industry Development Company Limited (重慶蘇渝實業發展有限公司), a company incorporated in the PRC with limited liability and the holder of 25.1% equity interest in Derun Environment as at the date of this announcement
“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
“Water Asset”	Chongqing Water Asset Management Company Limited (重慶市水務資產經營有限公司), a company incorporated in the PRC with limited liability and the holder of 74.9% equity interest in Derun Environment as at the date of this announcement
“Water Group”	Chongqing Water Group Company Limited (重慶水務集團股份有限公司), a company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (stock code: 601158), which owned as to 50.04% by Derun Environment

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, 19 May 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 Hu Wei as executive directors, Mr. Xie Chu Dao as non-executive director and Messrs. Leung Ming Yuen, Simon, Ding Xun, Nip Yun Wing and Dr. Yim Fung, JP 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 (non-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).