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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
DISCLOSEABLE TRANSACTION
ACQUISITION OF 100% INTEREST IN THE PROJECT COMPANY OF
HUNAN YICHANG EXPRESSWAY**

THE TRANSFER AGREEMENT

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 20 January 2017, SZ Expressway (as purchaser) and Pingan Innovation (as vendor) entered into the Transfer Agreement, pursuant to which SZ Expressway agreed to acquire 100% interest in Yichang Company from Pingan Innovation at a cash consideration of RMB1,270 million (approximately HK\$1,426 million). The major asset of Yichang Company is the operation rights of Yichang Expressway. Yichang Expressway is a two-way expressway with four lanes which starts from Zijiang Second Bridge, Yiyang City, Hunan and ends in Deshan Tanshuping, Changde City, Hunan with a total length of approximately 73.1 km for its main lane. It is a section of the connection line from Zhangjiajie to Changsha (G5513) of the G55 Erguang Expressway, the sixth vertical line of the national expressway network, and also a main component of the skeleton of the Hunan Expressway Plan “five vertical and seven horizontal”.

Yichang Expressway has maintained a good trading record of having a steady growth in its traffic volume and toll revenue since its opening in 1999. Its average daily toll revenue in 2015 and 2016 was RMB930,100 and RMB1,069,600, respectively.

Upon completion of the Transaction, Yichang Company will be wholly-owned by SZ Expressway and become a subsidiary of SZ International and SZ Expressway.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The investment, construction, operation and management of toll highways and roads are in the ordinary and usual course of business of SZ Expressway. The directors of SZ Expressway are of the view that Yichang Expressway is situated in a superior location with good investment value. The obtaining of interest in Yichang Expressway through acquisition of Yichang Company at a reasonable price helps to expand the asset scale and profit base and increase the stable cash flow of SZ Expressway. The Transaction will also further strengthen SZ Expressway's core advantages in the investment, management and operation of the highways, which is in line with its development strategy and overall interests. The Transaction is also in line with SZ International's strategy to consolidate premium infrastructure resources. SZ Expressway is a subsidiary of SZ International, further strengthening the core advantages in core business of SZ Expressway is beneficial to SZ International as a whole.

IMPLICATIONS UNDER THE LISTING RULES

For SZ International and SZ Expressway, as one or more applicable percentage ratios of the Transaction are above 5% but less than 25%, the Transaction constitutes a discloseable transaction and is subject to the requirements of reporting and announcement but exempt from the requirement of approval by shareholders under Chapter 14 of the Listing Rules.

THE TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are as follows:

Date: 20 January 2017

Parties: (1) SZ Expressway (as purchaser); and
(2) Pingan Innovation (as vendor).

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 Pingan Innovation and its ultimate beneficial owner(s) is independent third party of SZ International and SZ Expressway respectively.

Subject of the Transaction:

Pursuant to the Transfer Agreement, SZ Expressway agreed to acquire and Pingan Innovation agreed to sell 100% interest in Yichang Company.

Consideration and Payment arrangements:

The consideration for the acquisition of 100% interest in Yichang Company is RMB1,270 million (approximately HK\$1,426 million), which shall be paid in cash by SZ Expressway in the following manners:

1. the first instalment of RMB635 million (approximately HK\$713 million) (representing 50% of the total consideration) shall be paid to the bank account designated by Pingan Innovation within 5 business days from the date of the Transfer Agreement; and
2. on the date of the Transfer Agreement, both parties shall enter into an escrow account agreement with the escrow bank approved by them to open an escrow account to be co-managed by both parties in the name of Pingan Innovation within 5 business days. Within 5 business days upon the opening of the escrow account, SZ Expressway shall deposit the second installment of RMB635 million (approximately HK\$713 million) (representing 50% of the total consideration) into the escrow account and the escrow bank shall release the second installment to Pingan Innovation after receipt of the relevant documentary proof that SZ Expressway has been registered as the sole shareholder of Yichang Company.

The above consideration will be funded by SZ Expressway's internal resources and/or borrowing.

Basis of the Consideration:

Upon competitive negotiation, the consideration was determined after arm's length negotiations between SZ Expressway and Pingan Innovation on normal commercial terms.

The principal business of Yichang Company is the operation and management of Yichang Expressway. Based on the investment and operation experiences and the professional abilities towards the expressway projects in the past, SZ Expressway comprehensively considered factors including the traffic flow, operation, policy environment and the maturity of Yichang Expressway (including its Changde connection line) for assessing the estimated value of Yichang Company; and took into account the valuation report prepared by DP International, which are the major factors in negotiating the consideration of the Transaction. The income approach was adopted in the valuation of 100% interest in Yichang Company (constitutes a profit forecast under Rule 14.61 of the Listing Rules) as at 31 December 2016 prepared by DP International. Further details of the assumptions used for the profit forecast are set out under the section headed "Valuation" below.

Conditions Precedent:

Completion of the Transfer Agreement is subject to fulfilment of, among others, the following conditions:

1. the financial creditors of Yichang Company (i.e. Changsha City Simenkou Branch of Industrial and Commercial Bank of China, Changde City Deshan Branch of

Industrial and Commercial Bank of China and Hunan Branch of Bank of China) having given consent on the Transaction; and

2. the relevant governmental authorities (including but not limited to the Department of Transportation of Hunan Province) having granted the relevant approval for the Transaction.

Profit Distribution:

The base date of the Transaction is 31 December 2016.

All undistributed profit of Yichang Company as at 31 December 2016 shall belong to Pingan Innovation. It is agreed by the parties that the amount of undistributed profit of Yichang Company as at 31 December 2016 is RMB466.99 million (approximately HK\$524.71 million). Within 15 business days from the completion of the business registration of the transfer of equity interest in Yichang Company, SZ Expressway should procure Yichang Company to distribute the aforesaid undistributed profit to Pingan Innovation, and no change shall be made to such amount of undistributed profit even if there will be any adjustment to the accounting policies of Yichang Company.

From 1 January 2017 onwards, all profit of Yichang Company shall belong to SZ Expressway.

Arrangement regarding the Renovation Project:

Yichang Expressway has implemented a renovation project in 2014 and the completion inspection and acceptance work of such project has not yet finished as at the date of the Transfer Agreement. Both parties agreed that if the final settlement project costs exceeds RMB683.66 million (approximately HK\$768.16 million) (exclusive of any additional fee agreed by SZ Expressway or fee incurred in the additional works conducted after the completion date), Pingan Innovation will make corresponding reimbursement to Yichang Company. Furthermore, Pingan Innovation will also recognize, coordinate, and assist to resolve any possible dispute in relation to the execution of contracts and settlement of payment of the renovation project after the completion date.

Transfer of Equity Interest and Transitional Arrangement:

Pursuant to the Transfer Agreement, completion of the Transfer Agreement shall take place on the day that the escrow bank releases the second installment of the consideration to Pingan Innovation in accordance with the escrow account agreement (or the next business day as agreed by the parties). The parties should conduct the transfer of the company seal, licenses, financial statements and bank accounts of Yichang Company on the completion date and in any event such date shall not be later than 6 months after the date of the Transfer Agreement or such other later days as agreed by the parties in writing.

Upon completion of the transfer of the equity interest in Yichang Company, if it is found that Yichang Company has any contingent liabilities, contingent fee or contingent revenue (the agreed profit distribution and renovation project exclusive)

which occurred on or before 31 December 2016 due to any events that not yet resolved or performed by Pingan Innovation during the period operated by them and have not been reflected in the financial statements of Yichang Company, such amount shall be borne or enjoyed by Pingan Innovation.

The transition period of the Transaction shall commence from the base date of the Transaction to the completion date of the Transaction. During the transition period, Pingan Innovation shall carry out its management obligation in a good and honest manner, and shall maintain the legal and complete ownership of its equity interest in Yichang Company so that it can operate and manage Yichang Company in a clear, comprehensive, reasonable and diligent manner.

Termination:

If a party breaches the Transfer Agreement or fails to fulfil its obligation under the Transfer Agreement on time, upon the non-default party having given notification and a grace period of 7 business days, if such default party still fails to rectify such breach or complete its obligation under the Transfer Agreement, the non-default party may issue a written notice to terminate the Transfer Agreement and request the default party to indemnify its loss from the transfer of the equity interest.

If all the conditions precedent cannot be fulfilled within 6 months from the date of the Transfer Agreement and it is not due to the default of the parties, and the parties fail to agree on the waiver or postponement in relation to the conditions precedent, then either party may choose to terminate the Transfer Agreement. Pingan Innovation should within 15 business days from the date of termination return the first installment of the consideration to SZ Expressway together with interest calculated in accordance with the current deposit interest rate announced by the People's Bank of China, and assist to release the second installment of the consideration deposited under the escrow account to SZ Expressway.

Completion:

Upon completion of the Transaction, Yichang Company will be wholly-owned by SZ Expressway and become a subsidiary of SZ International and SZ Expressway.

VALUATION

SZ Expressway has appointed DP International to carry out the valuation of 100% interest in Yichang Company as at 31 December 2016. The base date of the valuation is 31 December 2016 and income approach is adopted for the valuation of the 100% equity interest in Yichang Company. As the valuation has adopted income approach which involves the use of discounted cash flow methodology and constitutes a profit forecast under Rule 14.61 of the Listing Rules, this announcement shall comply with the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to profit forecast.

Pursuant to Rule 14.62 of the Listing Rules, the key assumptions of this valuation mainly include the followings:

- (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 currency policies, etc.);
- (2) the enterprise under valuation will cease to operate after 31 December 2033;
- (3) there will be no material changes in the taxation and tax rate policies currently applicable to the enterprise under valuation;
- (4) there will be no material adverse effect on the enterprise under valuation arising from any force majeure after the valuation base date;
- (5) all assets and liabilities of the enterprise under valuation have been presented and reported or a special explanation in respect thereof has been made to the valuer, and there does not exist any other liabilities/assets, contingent liabilities/assets, or other related rights/contingent rights and obligations/contingent obligations, etc.; and
- (6) Yichang Dual Line will be open to traffic on 1 January 2022.

Meanwhile, the valuation is based on operating results over previous years of the enterprise under valuation. Estimates on future operation and revenue of Yichang Company are conducted through analysis over revenue, costs, financial structures, business development trends and growth movements. The expected operating revenue and corporate free cash flow of Yichang Company are set out as below:

<i>Unit RMB</i>		
Duration (Year)	Operating Revenue (VAT exclusive)	Corporate Free Cash Flow
2017	398,535,000	271,192,300
2018	437,978,700	306,551,100
2019	466,815,200	326,708,800
2020	513,757,700	353,187,400
2025	459,331,600	187,611,800
2030	560,312,900	371,345,600
2033	614,525,300	395,437,500

Based on the above assumptions, value of 100% interest in Yichang Company as at the valuation base date of 31 December 2016 was RMB1,760,177,900 (approximately HK\$1,977,730,000).

The respective board of directors of SZ International and SZ Expressway has reviewed the principal assumptions adopted in the valuation, and is of the view that the valuation has been made after due and careful enquiry. SZ International has engaged KPMG as the auditor to report to its directors on the calculation of the discounted cash flow used in the valuation. The calculation of discounted future estimated cash flows adopted by DP International on which the valuation is based has been reviewed by Ernest & Young, the auditors of SZ Expressway. The letter from the board of directors of each of SZ International and SZ Expressway and the letters from KPMG and Ernest & Young are included in Appendices I, II, III and IV to this announcement, respectively.

SZ International and SZ Expressway hereby further elaborate the valuation and consideration of the subject of the Transaction as follows: the value of entire shareholders' equity interest of Yichang Company as at 31 December 2016 is RMB1,760,177,900 (approximately HK\$1,977,730,000) according to the valuation report prepared by DP International. Pursuant to the Transfer Agreement, the undistributed profit of Yichang Company as at 31 December 2016 in the amount of RMB466,990,000 (approximately HK\$524,710,000) should belong to Pingan Innovation. Therefore, taking this factor into account, the reference value of entire shareholders' equity interest of Yichang Company as at 31 December 2016 is approximately RMB1,293,187,900 (approximately HK\$1,453,020,000).

INFORMATION ON YICHANG COMPANY

Yichang Company is a limited liability company established in the PRC which principally engages in the operation and management of Yichang Expressway. The major assets of Yichang Company include the operation right for the period from 1 January 2004 to 31 December 2033 of: (1) Yichang Expressway; and (2) the section from Tanshuping to the south connection line of Yuanshui Second Bridge of Changde City. As at the date of this announcement, the toll collection right of the aforesaid toll highways is pledged to Changsha City Simenkou Branch of Industrial and Commercial Bank of China, Changde City Deshan Branch of Industrial and Commercial Bank of China and Hunan Branch of Bank of China as guarantee for the bank loans of Yichang Company.

Yichang Expressway is a two-way expressway with four lanes which starts from Zijiang Second Bridge, Yiyang City, Hunan and ends in Deshan Tanshuping, Changde City, Hunan with a total length of approximately 73.1 km for its main lane. Its Changde connection line which commenced from Tanshuping to the south connection line of Yuanshui Second Bridge of Changde City has a length of 5.2 km with class 1 highway standard. Yichang Expressway is a section of the connection line from Zhangjiajie to Changsha (G5513) of G55 Erguang Expressway, the sixth vertical line of the national expressway network, and also a main component of the skeleton of the Hunan Expressway Plan "five vertical and seven horizontal". Yichang Expressway is located in Yiyang City and Changde City of Hunan Province. It is the main lane leading to Chang-Zhu-Tan Economic Zone from Jishou, Zhangjiajie, Changde and Yiyang; an important conversion and connection line between G55 Erguang Expressway and G4 Beijing-Hong Kong-Macau-Zhuhai Expressway (and its dual line) in Hunan; and also an important channel for entry into the national expressway network in Hunan from Guizhou, Chongqing, southeastern Sichuan and southwestern Hubei. Yichang Expressway commenced operation in 1999 and has implemented the renovation project

in 2014. Its average daily toll revenue in 2015 and 2016 was RMB930,100 and RMB1,069,600, respectively.

The table below sets out the financial information of Yichang Company for the three accounting years ended 31 December 2016 (audited):

Unit: RMB'000

	For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016
Net profit (before tax)	110,605	132,835	217,685
Net profit (after tax)	91,318	96,573	171,021
	As at	As at	As at
	31 December 2014	31 December 2015	31 December 2016
Net asset	713,554	804,330	975,351

Due to the difference between the accounting treatment in deferred income tax, depreciation and amortization, etc. adopted by Yichang Company and the accounting policies and accounting estimates adopted by SZ Expressway, SZ Expressway will adjust the financial statements of Yichang Company upon completion of the Transaction. Assuming Yichang Company has adopted the same accounting policies and accounting estimates as that of SZ Expressway, the preliminary estimated net asset value of Yichang Company as at 31 December 2016 is approximately RMB839 million (approximately HK\$943 million) and the preliminary estimated net profit (after tax) of Yichang Company for the accounting year 2016 is approximately RMB154 million (approximately HK\$173 million). Nonetheless, the final accounting treatment of the financial statements of Yichang Company shall be subject to the amount as confirmed by the auditor of SZ Expressway.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The investment, construction, operation and management of toll highways and roads are in the ordinary and usual course of business of SZ Expressway. The directors of SZ Expressway are of the view that Yichang Expressway is situated in a superior location with good investment value, and has maintained a good trading record of having a steady growth in its traffic volume and toll revenue since its opening. The obtaining of interest in Yichang Expressway through acquisition of Yichang Company at a reasonable price helps to expand the asset scale and profit base and increase the stable cash flow of SZ Expressway. The Transaction will also further strengthen SZ Expressway's core advantages in the investment, management and operation of the highways, which is in line with its development strategy and overall interests. The Transaction is also in line with SZ International's strategy to consolidate premium infrastructure resources. SZ Expressway is a subsidiary of SZ International, further strengthening the core advantages in core business of SZ Expressway is beneficial to SZ International as a whole.

The respective board of directors of SZ International and SZ Expressway consider that the terms and conditions of the Transaction are fair and reasonable and in the interests of SZ International, SZ Expressway and their respective shareholders as a whole.

IMPACTS OF THE TRANSACTION ON SZ EXPRESSWAY

Upon completion of the Transaction, Yichang Company will become a wholly-owned subsidiary of SZ Expressway and will be consolidated into the financial statements of SZ Expressway. Assuming that the Transaction is completed on 30 June 2017, It is expected that total assets and total liabilities of SZ Expressway Group will increase by approximately RMB1,900 million (approximately HK\$2,130 million) and RMB1,900 million (approximately HK\$2,130 million), respectively; revenue and net profit attributable to SZ Expressway Group will increase by approximately RMB200 million (approximately HK\$220 million) and RMB30 million (approximately HK\$34 million), respectively. The aforesaid figures are results of preliminary estimation, the final results are subject to recognition upon actual consolidation and confirmed by the auditor of SZ Expressway.

INFORMATION ON SZ INTERNATIONAL, SZ EXPRESSWAY AND PINGAN INNOVATION

SZ International

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

SZ Expressway and its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities. It is a 50.889%-owned subsidiary of SZ International.

Pingan Innovation

Pingan Innovation is a limited liability company established in the PRC which principally engaged in investment holding and consultation.

IMPLICATIONS UNDER THE LISTING RULES

For SZ International and SZ Expressway, as one or more applicable percentage ratios of the Transaction are above 5% but less than 25%, the Transaction constitutes a discloseable transaction and is subject to the requirements of reporting and announcement but exempt from the requirement of approval by shareholders under Chapter 14 of the Listing Rules.

EXPERTS AND CONSENTS

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

<i>Name</i>	<i>Qualifications</i>
DP International	an independent qualified valuer in the PRC engaged in valuation
KPMG	Certified Public Accountant, Hong Kong
Ernst & Young	Certified Public Accountant, the PRC

To the best of knowledge, information and belief of the directors' of SZ International, having made all reasonable enquiries, each of DP International and KPMG is an independent third party of SZ International.

As at the date of this announcement, none of DP International and KPMG has any shareholding in any member of SZ International, nor has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of SZ International.

To the best of knowledge, information and belief of the directors' of SZ Expressway, having made all reasonable enquiries, each of DP International and Ernst & Young is an independent third party of SZ Expressway.

As at the date of this announcement, none of DP International and Ernst & Young has any shareholding in any member of SZ Expressway, nor has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of SZ Expressway.

Each of DP International, KPMG and Ernst & Young 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

“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
“Ernst & Young”	Ernst & Young Hua Ming LLP

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	individual or company independent from SZ International, SZ Expressway and their respective connected persons (as defined in the Listing Rules)
“KPMG”	KPMG, Certified Public Accountants, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pingan Innovation”	Shenzhen Pingan Innovation Capital Investment Company Limited (深圳市平安創新資本投資有限公司), a company incorporated in the PRC with limited liability
“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
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the equity transfer agreement dated 20 January 2017 entered into between SZ Expressway and Pingan Innovation in relation to the Transaction
“Transaction”	the transfer of the 100% interest in Yichang Company by Pingan Innovation to SZ Expressway pursuant to the Transfer Agreement

“Yichang Company” Hunan Yichang Expressway Development Company Limited (湖南益常高速公路開發有限公司), a company incorporated in the PRC with limited liability

“Yichang Expressway” the expressway from Yiyang to Changde in Hunan Province

Notes:

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

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.89=HK\$1.00 for illustration purpose only. No representation is made that any amount in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board	By Order of the Board
Shenzhen International Holdings Limited	Shenzhen Expressway Company Limited
Gao Lei	Hu Wei
Chairman	Chairman

Shenzhen, PRC, 20 January 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).

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

20 January 2017

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: Acquisition of the entire shareholders' equity interest in Hunan Yichang Expressway Development Company Limited (湖南益常高速公路開發有限公司) ("Yichang Company")

Reference is made to the joint announcement (the "Announcement") of Shenzhen International Holdings Limited (the "Company") and Shenzhen Expressway Company Limited (a 50.889%-owned subsidiary of the Company) dated 20 January 2017, which mentioned the valuation (the "Valuation") carried out by DP International Appraisal Limited ("DP International") on the value of the entire shareholders' equity interest in Yichang Company as at 31 December 2016. The Valuation is set out in the valuation report regarding the acquisition of the entire shareholders' equity interest in Yichang Company issued by DP International on 12 January 2017 (the "Valuation Report").

Pursuant to Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), since the Valuation is prepared based on the discounted future estimated cash flows method, the Valuation constitutes a profit forecast (the "Profit Forecast") under the Listing Rules.

We have reviewed the Valuation prepared by DP International and the letter from our auditor, KPMG, dated 20 January 2017 addressed to us 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.

We hereby confirm that the Profit Forecast is made after due and careful enquiry.

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**

20 January 2017

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: Rule 14.62 of the Rules Governing the Listing of Securities on The Stock
Exchange of Hong Kong Limited**

Reference is made to the joint announcement (the “Announcement”) of Shenzhen International Holdings Limited and Shenzhen Expressway Company Limited (the “Company”) dated 20 January 2017, which mentioned the valuation (the “Valuation”) carried out by DP International Appraisal Limited (“DP International”) on the value of 100% interest in Hunan Yichang Expressway Development Company Limited (湖南益常高速公路開發有限公司).

We have reviewed the Valuation for which DP International are responsible, and discuss with DP International on relevant matters (including the part of bases and assumptions upon which the Valuation has been prepared). We have also considered the letter from our auditor, Ernst & Young Hua Ming LLP dated 20 January 2017 addressed to us regarding whether the discounted cash flow forecast on which the Valuation is based was compiled properly so far as the calculations are concerned.

On the basis of the foregoing, we are of the opinion that the Valuation mentioned in the Announcement has been stated after due and careful enquiry.

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

HU Wei
Chairman

APPENDIX III

The following is the text of a report received from the Company's auditor, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.



REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF 100% EQUITY INTERESTS HUNAN YICHANG EXPRESSWAY DEVELOPMENT COMPANY LIMITED

TO THE BOARD OF DIRECTORS OF SHENZHEN INTERNATIONAL HOLDINGS LIMITED

We refer to the discounted future cash flows on which the valuation ("the Valuation") dated 12 January 2017 prepared by Shenzhen DP International Appraisal Limited in respect of the appraisal of the fair value of 100% equity interests of Hunan Yichang Expressway Development Company Limited ("the Target Company") as at 31 December 2016 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' Responsibilities

The directors of Shenzhen International Holdings Limited (the "Directors") are responsible for the preparation of the discounted future 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 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 requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 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.

Auditor's Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of opinion

We conducted our engagement 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 HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future 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 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG

Certified Public Accountants
Hong Kong
20 January 2017

APPENDIX IV

The following is the text of the report received from Ernst & Young Hua Ming LLP, Certified Public Accountants, the PRC, for the purpose of inclusion in this announcement.



Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
No. 1 East Chang An Avenue
Dong Cheng District
Beijing, China 100738

安永华明会计师事务所（特殊普通合伙）
中国北京市东城区东长安街1号
东方广场安永大楼16层
邮政编码: 100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF 100% OF THE FAIR VALUE OF HUNAN YICHANG EXPRESSWAY DEVELOPMENT COMPANY LIMITED

To the Directors of Shenzhen Expressway Company Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "Forecast") on which the valuation dated 12 January 2017 prepared by Shenzhen DP International Appraisal Limited in respect of 100% of the fair value of Hunan Yichang Expressway Development Company Limited (the "Target") as at 31 December 2016 is based. The valuation is set out in the announcement of Shenzhen Expressway Company Limited (the "Company") dated 20 January 2017 (the "Announcement") in connection with the acquisition of the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' responsibilities

The directors of the Company (the "Directors") are responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the "Assumptions"), the completeness, reasonableness and validity of which are the responsibility of the Directors. The Assumptions are set out on page 6 of the Announcement.



Reporting Accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with China Standard on Other Assurance Engagements No.3101 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Chinese Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with China Standards on Auditing issued by the Chinese Institute of Certified Public Accountants. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) 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

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young Hua Ming LLP

Certified Public Accountant: Xie Feng

Beijing, the People's Republic of China

Certified Public Accountant: Deng Dong Mei

20 January 2017