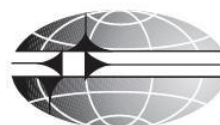


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Shenzhen International Holdings Limited
深圳國際控股有限公司
(incorporated in Bermuda with limited liability)
(Stock Code : 00152)



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
CONNECTED TRANSACTION
CAPITAL INJECTION AGREEMENT IN RELATION TO CAPITAL
INJECTION IN SHENZHEN WATER PLANNING & DESIGN
INSTITUTE COMPANY LIMITED BY SZ EXPRESSWAY**

Reference is made to the joint announcement of SZ International and SZ Expressway (a 50.889% owned subsidiary of SZ International) dated 6 April 2017 in relation to SZ Expressway was recognised as the finalised Type A investor in the Water Planning Company Capital Injection Project, and the proposed capital injection of RMB61,890,000 by SZ Expressway into Water Planning Company in return for 15% registered capital in Water Planning Company upon completion of the capital injection.

THE CAPITAL INJECTION AGREEMENT

The respective board of directors of SZ International and SZ Expressway are pleased to announce that on 13 July 2017, SIHCL, Water Planning Company, SZ Expressway and the Other Investors entered into the Capital Injection Agreement, pursuant to which, among others, SZ Expressway agreed to inject RMB61,890,000 into Water Planning Company in return for 15% registered capital in Water Planning Company upon completion of the capital injection.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INJECTION AGREEMENT

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 Capital Injection Agreement, SZ Expressway will appoint a director to Water Planning Company, which provides 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 44.45% 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 constitutes a connected transaction of SZ International and SZ Expressway.

For SZ International and SZ Expressway, as the applicable percentage ratios of the transaction under the Capital Injection Agreement are more than 0.1% but lower than 5%, the transaction under the Capital Injection Agreement is subject to the reporting and announcement requirements, but is exempted from the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the joint announcement of SZ International and SZ Expressway (a 50.889% owned subsidiary of SZ International) dated 6 April 2017 in relation to SZ Expressway was recognised as the finalised Type A investor in the Water Planning Company Capital Injection Project, and the proposed capital injection of RMB61,890,000 by SZ Expressway into Water Planning Company in return for 15% registered capital in Water Planning Company upon completion of the capital injection.

THE CAPITAL INJECTION AGREEMENT

The respective board of directors of SZ International and SZ Expressway are pleased to announce that on 13 July 2017, SIHCL, Water Planning Company, SZ Expressway and the Other Investors entered into the Capital Injection Agreement. The principal terms of the Capital Injection Agreement are as follows:

Date

13 July 2017

Parties

- (1) SIHCL;
- (2) Water Planning Company;
- (3) SZ Expressway;
- (4) Shenzhen Water (Group) Co., Ltd.(深圳市水務(集團)有限公司);
- (5) Shenzhen Techand Ecology & Environment Co., Ltd.(深圳市鐵漢生態環境股份有限公司); and
- (6) Shenzhen Water Planning & Design Institute Investment Co., Ltd.(深圳水規院投資股份有限公司).

To the best of the knowledge, information and belief of the respective directors of SZ International and SZ Expressway, having made all reasonable enquiries, each of the Other Investors and their respective ultimate beneficial owner(s) are third parties independent of SZ International SZ Expressway.

Capital Injection

As at the date of this announcement, the registered capital of Water Planning Company is RMB20,000,000, which is wholly-owned by SIHCL.

Pursuant to the Capital Injection Agreement, SZ Expressway and the Other Investors agreed to make injection into the capital of Water Planning Company in return for the equity interest therein. Details of the amounts to be injected by SZ Expressway and the Other Investors and the allocation of such injections are as follow:

Investors	Amount to be contributed to the registered capital of Water Planning Company (RMB)	Amount to be contributed to the capital reserve of Water Planning Company (RMB)	Total injection amount (RMB)
SZ Expressway	6,000,000	55,890,000	61,890,000
Shenzhen Water (Group) Co., Ltd.	4,000,000	37,260,000	41,260,000
Shenzhen Techand Ecology & Environment Co., Ltd.	2,000,000	18,630,000	20,630,000
Shenzhen Water Planning & Design Institute Investment Co., Ltd	8,000,000	74,520,000	82,520,000

The shareholding structure of Water Planning Company upon completion of the Capital Injection Agreement is as follow:

Shareholders	Amount owned in the registered capital of Water Planning Company (RMB)	Percentage of equity interest in Water Planning Company
SIHCL	20,000,000	50%
SZ Expressway	6,000,000	15%
Shenzhen Water (Group) Co., Ltd.	4,000,000	10%
Shenzhen Techand Ecology & Environment Co., Ltd.	2,000,000	5%
Shenzhen Water Planning & Design Institute Investment Co., Ltd	<u>8,000,000</u>	<u>20%</u>
Total	<u><u>40,000,000</u></u>	<u><u>100%</u></u>

Upon completion of the Capital Injection Agreement, SZ Expressway will own 15% equity interest in Water Planning Company, and Water Planning Company will not be included in the consolidated financial statements of SZ Expressway.

Payment manner

Each of SZ Expressway and the Other Investors shall make their respective injection to Water Planning Company within 5 business days from the effective date of the Capital Injection Agreement by way of bank transfer in a one-off payment. Since the next day upon full payment of their respective injection amounts, SZ Expressway and the Other Investors shall become the shareholders of Water Planning Company and enjoy the rights and bear the responsibility of the shareholder accordingly.

Bases for determination of the amount of capital injection

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 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.

SZ Expressway intended to be 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 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.

The respective board of directors of SZ International and SZ Expressway have considered the aforesaid bases for determination of the amount of capital injection, and are in the opinion that the capital injection of RMB61,890,000 by SZ Expressway into Water Planning Company in return for 15% registered capital therein (i.e. the price per registered capital of Water Planning Company is RMB10.315) is fair and reasonable.

Undertakings by SIHCL and Water Planning Company

Pursuant to the Capital Injection Agreement, SIHCL and Water Planning Company undertook, among others, that:

Upon SZ Expressway and the Other Investors have fully paid their respective capital injection amounts, SIHCL shall assist Water Planning Company and the relevant investor to complete the business registration in relation to the capital injection within 40 business days from date of full payment.

Undertakings by new investors in Water Planning Company

Pursuant to the Capital Injection Agreement, each of the new investors in Water Planning Company undertook, among others, that:

- (1) each of the new investors in Water Planning Company, its controlled companies, its actual controller and the controlled companies of the aforesaid parties, shall not engage in business in relation to water conservancy research, consultation, design, exploration and other technical services, and conduct any transaction which may constitute a competing business of Water Planning Company nor any significant connected transaction which is not based on fair conditions. There shall not be any concerted party relation between the new investors. Each of the new investors shall undertake that during the listing application process of Water Planning Company in future, it will take appropriate action and make relevant statement, guarantee, undertaking or avoidance measures in relation to the non-competition in business and connected transaction of Water Planning Company in accordance with the relevant requirements of the applicable laws or regulatory authorities in order to ensure the listing application of Water Planning Company will not be affected; and
- (2) each of the new investors in Water Planning Company shall not transfer or pledge 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 aforesaid 3-year period and provided that Water Planning Company is not a listed company by then, it may transfer or pledge its equity interest in Water Planning Company after having obtained approval from the shareholders of Water Planning Company at the general meeting, and the shareholder(s) involved in such transfer shall abstain from voting in such general meeting. Should Water Planning Company becomes a listed company in future, the new investors shall undertake to be subject to a lock-up period of not less than 24 months from the listing date of Water Planning Company, and it 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.

Other Commitments

- (1) Upon completion of the Capital Injection Agreement, the board of Water Planning Company shall comprise 9 members, among which 5 existing directors shall be retained in the board (including the chairman), and each of the new investors in Water Planning Company may nominate 1 director candidate.

- (2) If any of the new investors in Water Planning Company fails to pay its capital injection amount in accordance with the terms of the Capital Injection Agreement, it shall be liable to pay a daily penalty of 0.5% of the outstanding amount to each of SIHCL and other non-defaulting parties. Should such new investor is in breach for more than 5 days, the defaulting investor should pay the aforesaid daily penalty to the non-defaulting investors, and SIHCL may forfeit the guarantee deposit paid by the defaulting investor to SZ Property Exchange. SIHCL may waive the aforesaid penalties and arrangement should the overdue in payment is caused by extraordinary circumstances.

INFORMATION ON WATER PLANNING COMPANY

Water Planning Company is a limited liability company established in the PRC. It is a wholly-owned subsidiary of SIHCL with a registered capital of RMB20 million 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 financial report provided by Water Planning Company, the financial information of Water Planning Company for the two years ended 31 December 2016 and the three months ended 31 March 2017 (prepared in accordance with CASBE) is set out below:

Unit: RMB'000

	As at 31 December 2015 (Audited)	As at 31 December 2016 (Audited)	As at 31 March 2017 (Unaudited)
Net assets	74,373	81,454	83,995
	For the year ended 31 December 2015 (Audited)	For the year ended 31 December 2016 (Audited)	For the 3 months ended 31 March 2017 (Unaudited)
Net profit (before tax)	19,562	17,611	3,069
Net profit (after tax)	15,800	14,643	2,684

Note:

- The financial information of Water Planning Company for 2015 as stated in the above table is different from those in the joint announcement of SZ International and SZ Expressway dated 6 April 2017 because the financial information set out in said announcement is prepared based on the then information available to SZ International and SZ Expressway (i.e. the Project Announcement as referred to in the paragraph headed "Bases for determination of the amount of capital injection" above), whilst the financial information in the above table is prepared based on the financial statement of Water Planning Company.

INFORMATION ON SIHCL, SZ INTERNATIONAL, SZ EXPRESSWAY AND THE OTHER INVESTORS

SIHCL

SIHCL is principally engaged in property rights management, capital operation, investment and financing business. It indirectly owns 44.45% equity interest in SZ International.

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.

Shenzhen Water (Group) Co., Ltd.

Shenzhen Water (Group) Co., Ltd. is a limited liability company incorporated in the PRC which principally engaged in the operation, investment, construction and proposal planning of water projects.

Shenzhen Techand Ecology & Environment Co., Ltd.

Shenzhen Techand Ecology & Environment Co., Ltd. is a limited liability company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange. It is principally engaged in environmental protection, ecological landscaping and eco-tourism business.

Shenzhen Water Planning & Design Institute Investment Co., Ltd.

Shenzhen Water Planning & Design Institute Investment Co., Ltd. is a limited liability company incorporated in the PRC. It is principally engaged in investment in industrial projects.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INJECTION AGREEMENT

As disclosed in the joint announcement of SZ International and SZ Expressway dated 6 April 2017, 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 Capital Injection Agreement, SZ Expressway will appoint a director to Water Planning Company, which provides 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.

The respective board of directors (including all of their respective independent non-executive directors) of SZ International and SZ Expressway consider that Capital Injection Agreement was entered into among parties after arm's length negotiation, the transaction contemplated thereunder is on normal commercial terms and in the ordinary and usual course of business of SZ Expressway, the terms of the transaction are fair and reasonable and in the interests of SZ International, SZ Expressway and their respective shareholders 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 44.45% 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 constitutes a connected transaction of SZ International and SZ Expressway.

For SZ International and SZ Expressway, as the applicable percentage ratios of the transaction under the Capital Injection Agreement are more than 0.1% but lower than 5%, the transaction under the Capital Injection Agreement is subject to the reporting and announcement requirements, but is exempted from the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules.

DEFINITIONS

“Capital Injection Agreement”	the capital injection agreement entered into among SIHCL, Water Planning Company, SZ Expressway and the Other Investors dated 13 July 2017
“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
“Other Investors”	Shenzhen Water (Group) Co., Ltd., Shenzhen Techand Ecology & Environment Co., Ltd. and Shenzhen Water Planning & Design Institute Investment Co., Ltd.

“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
“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, 13 July 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 (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. CAI Shu Guang (Independent non-executive director).