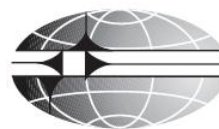


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Shenzhen International Holdings Limited
深圳國際控股有限公司
(incorporated in Bermuda with limited liability)
(Stock Code : 00152)



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 AND CONNECTED TRANSACTION ACQUISITION OF COASTAL COMPANY

ACQUISITION 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 11 December 2017, SZ Expressway (as purchaser), SIHCL (as vendor) and Coastal Company entered into the Acquisition Agreement, pursuant to which SZ Expressway agreed to acquire 100% equity interest in Coastal Company from SIHCL at a consideration of RMB1.472 billion (approximately HK\$1.712 billion).

As at the date of this announcement, Coastal Company is wholly-owned by SIHCL. Upon completion of the Acquisition, Coastal Company will become a wholly-owned subsidiary of SZ Expressway.

INFORMATION ON COASTAL COMPANY

Coastal Company is a limited liability company established in the PRC and its principal business is the construction, operation and management of Coastal Project. Guangshen Coastal Expressway (Provincial Line S3) is an important channel connecting Guangzhou and Shenzhen, and Guangdong and Hong Kong. It has a total length of approximately 90 km connecting Huangpu District in Guangzhou and Nanshan District in Shenzhen. Coastal Project is the Shenzhen section of Guangshen Coastal Expressway, extending from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen and connecting with Shenzhen Western Corridor in the south. Coastal Project is a dual eight-lane expressway with the total mileage of approximately 37 km. It is comprised of two phases. Coastal Phase I is on the main line of Guangshen Coastal Expressway. It has a toll mileage of approximately 30.9 km and was opened to traffic on 28 December 2013 with a toll collection period of 25 years. Coastal Phase II includes the connection line on the Shenzhen side of Shenzhen-Zhongshan Channel, Airport Interchange, International Convention and Exhibition Center Interchange, etc., with a total length of approximately 5.7 km. The construction of Coastal Phase II commenced in December 2015 and is scheduled to be opened to traffic by end of 2019.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT

Guangshen Coastal Expressway is an important core passage going through the north-south of the Pearl River Delta region, it is also an important corridor connecting Guangzhou, Shenzhen and Hong Kong within the Guangdong-Hong Kong-Macau Greater Bay Area. It enjoys an excellent geographical location and an economically viable neighborhood region. Currently, the Coastal Project is still in the preliminary stage of operation. The surrounding road network is not comprehensive enough. In the short term, it will have a slight negative impact on the operating result of SZ Expressway. With the steady development of the regional economy along the Coastal Project and the constant improvement of its surrounding road networks, the operating performance of Coastal Project will have a rapid growth. In the long run, the acquisition of 100% interest in Coastal Company will help to enhance the business scale and profit base and contribute to steady growth of cash flow for SZ Expressway. The Acquisition will further strengthen the core strengths of SZ Expressway in the investment, management and operation of highways, and in line with the development strategy and overall interests of SZ Expressway as a whole.

The Acquisition is also in line with SZ International's strategy to consolidate premium infrastructure resources. As 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

As at the date of this announcement, SZ Expressway is owned as to 50.889% by SZ International, SIHCL is the controlling shareholder (as defined under the Listing Rules) of SZ International which indirectly holds approximately 44.25% equity interest in SZ International and the sole shareholder of Coastal Company. Accordingly, SIHCL and Coastal Company are connected persons of SZ International and SZ Expressway pursuant to Chapter 14A of the Listing Rules, and the transaction contemplated under the Acquisition Agreement constitutes a connected transaction of SZ International and SZ Expressway.

For SZ International and SZ Expressway, as the respective applicable percentage ratios of the transaction under the Acquisition Agreement are more than 5% but lower than 25%, the transaction contemplated under the Acquisition Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and subject to the reporting, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL

SZ International will convene a special general meeting and SZ Expressway will convene an extraordinary general meeting to consider and, if thought fit, to approve the Acquisition Agreement and the transaction contemplated thereunder.

Circulars containing, among other things, information on (i) details of the Acquisition; (ii) the recommendation on the Acquisition from the independent board committee; (iii) an advice letter on the Acquisition from the independent financial adviser, are expected to be despatched to the shareholders of SZ International and SZ Expressway on or before 4 January 2018, respectively.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are as follows:

Date: 11 December 2017

Parties: (1) SZ Expressway (as purchaser);
(2) SIHCL (as vendor); and
(3) Coastal Company.

Subject of the Acquisition:

Pursuant to the Acquisition Agreement, SZ Expressway agreed to acquire and SIHCL agreed to sell 100% equity interest in Coastal Company.

Consideration and payment arrangements:

The consideration for the acquisition of 100% equity interest in Coastal Company is RMB1.472 billion (approximately HK\$1.712 billion), which shall be paid by SZ Expressway to SIHCL in the following manners:

- (i) within 10 working days from the date of the Acquisition Agreement, SZ Expressway shall pay 50% of the consideration, being RMB736 million (approximately HK\$856 million) to SIHCL, and SZ Expressway and SIHCL shall enter into a joint account agreement with a commercial bank agreed by both parties and open a joint account in the name of SIHCL under the common control of the parties for depositing the remaining consideration;
- (ii) within 15 days upon the effective conditions of the Acquisition Agreement have been fully satisfied or exempted/waived (and in any event not later than 31 December 2017), such effective conditions are namely, SIHCL having completed the statutory procedures for the transfer of state-owned assets in accordance with the law; the shareholder of Coastal Company having considered and approved the Acquisition; and having obtained letter(s) of consent from the financial institution creditors of Coastal Company, SZ Expressway, SIHCL and Coastal Company shall promptly handle the business registration in relation to the Acquisition. As at the date of this announcement, the effective conditions of the Acquisition Agreement have been fully satisfied.
- (iii) SZ Expressway shall deposit the remaining 50% consideration of RMB736 million (approximately HK\$856 million) into the joint account as set out in (i) above within 10 working days after completion of the matters below (and in any event not later than 31 December 2017):
 - (a) the effective conditions to the Acquisition Agreement as set out in (ii) above have been fully satisfied or waived; and
 - (b) the Market and Quality Supervision Commission of Shenzhen Municipality having approved the business registration of the acquisition of equity interest in Coastal Company by SZ Expressway and issued a new business license or notice of change to Coastal Company.

- (iv) within 5 working days from the Acquisition having been approved by its shareholders in the general meeting, SZ Expressway shall release its control on the joint account and the fund in the joint account shall be owned by SIHCL.

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

Basis of the Consideration:

The consideration was determined after arm's length negotiations between SZ Expressway and SIHCL on normal commercial terms.

The principal business of Coastal Company is the construction, operation and management of Coastal Project. Based on the investment and operation experiences and the professional abilities towards the highway projects in the past, SZ Expressway comprehensively considered factors including the traffic flow, operation, policy environment and the maturity of the project for assessing the estimated value of Coastal Company; and took into account the valuation report prepared by Pengxin Appraisal as the major factors in negotiating the consideration of the Acquisition. The income approach was adopted in the valuation of the market value of the entire shareholder's interests in Coastal Company as at 31 October 2017 (constitutes a profit forecast under Rule 14.61 of the Listing Rules) by Pengxin Appraisal. Further details of the assumptions used for the profit forecast are set out under the section headed "Valuation" below.

Other terms:

- (i) The investment and financing plan of Coastal Phase II was determined by the relevant Shenzhen governmental authorities, upon completion of the Acquisition, Coastal Company shall continue to follow the government approval to complete the investment and financing plan.
- (ii) During the previous years, SZ Expressway has been entrusted by SIHCL to manage Coastal Company, and also entrusted by Coastal Company to manage the construction of Coastal Project and the operation of Coastal Phase I. For details, please refer to the joint announcements of SZ International and SZ Expressway dated 6 November 2009, 9 September 2011, 1 June 2016, 16 June 2016 and 30 December 2016, the circular of SZ International and SZ Expressway dated 4 October 2011, and the announcement of SZ Expressway dated 19 August 2014. Among such entrustment projects, the construction of Coastal Phase I was completed, and the settlement and payment of the relevant construction costs are now in progress. The construction management of Coastal Phase II and the operation management of Coastal Phase I are still undergoing. Pursuant to the Acquisition Agreement, the follow-up arrangements on the entrusted management of Coastal Company and Coastal Project are as follows: except for the settlement and payment of the relevant construction costs, the Entrusted Construction Agreement and the Supplemental Entrusted Construction Agreement in relation to Coastal Project shall be suspended, and SZ Expressway shall cease to charge for the construction management fees of Coastal Phase II. As for the Entrusted Operation Agreement in relation to Coastal Phase I, it shall also be suspended save for Coastal Company shall pay the operation management fee to SZ Expressway for the period up to the base date (31 October 2017). The Entrusted Operation and Management Agreement shall be suspended after the change of shareholding in Coastal Company.

If the Acquisition has not be approved by SZ Expressway's shareholders in the general meeting within 6 months after the date of the Acquisition Agreement, the abovementioned agreements shall resume. If the Acquisition is approved by SZ Expressway's shareholders in the general meeting within 6 months after the date of the Acquisition Agreement, the abovementioned agreements will be terminated except for the settlement and payment of the relevant construction costs under the Entrusted Construction Agreement.

Termination of the agreement:

If any party commits a significant breach under the Acquisition Agreement and render the purpose of the Acquisition Agreement cannot be achieved or severely unreasonable to achieve from commercial aspect, and the non-defaulting party may issue a written request to terminate the Acquisition Agreement. Further, if the transaction contemplated under the Acquisition Agreement is not approved by SZ Expressway's shareholders in the general meeting within 6 months from the date of the Acquisition Agreement, the Acquisition Agreement will be terminated as well.

If the effective conditions are not fully satisfied or waived within 6 months from the date of the Acquisition Agreement, or the Acquisition Agreement is terminated after become effective, SIHCL shall refund the consideration it has received and return the fund in the joint account to SZ Expressway and pay an interest to SZ Expressway in accordance with the bank deposit interest rate for the same period within 10 working days after the expiration of the six-month period from the date of the Acquisition Agreement. Within 10 days from the date on which SIHCL has returned the full amount of consideration it has received and the fund in the joint account (inclusive of interest), SZ Expressway shall return to SIHCL the 100% equity interest in Coastal Company. Should the return of equity interest delayed by reasons not attributable to SZ Expressway such as delay in administrative approval or change of business procedures, the aforesaid period shall be postponed accordingly.

Completion:

Upon completion of the Acquisition, Coastal Company will become a wholly-owned subsidiary of SZ Expressway, and its financial statements will be included into the consolidated financial statements of SZ Expressway.

VALUATION

SZ Expressway has appointed Pengxin Appraisal to carry out the valuation of the market value of the entire shareholder's interests in Coastal Company as at 31 October 2017. The base date of the valuation is 31 October 2017. The 100% equity interest in Coastal Company is valued by adopting the income approach. 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:

- (i) 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.);
- (ii) the enterprise under valuation will continue to operate after the valuation base date;
- (iii) there will be no material changes in the taxation and tax rate policies currently applicable to the enterprise under valuation;
- (iv) there will be no material adverse effect on the enterprise under valuation arising from any force majeure after the valuation base date;
- (v) 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
- (vi) the accounting policy adopted by the enterprise under valuation is same as SZ Expressway in material aspects.

The valuation is based on operating results over previous years of the enterprise under valuation. Estimates on future operation and revenue of Coastal 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 Coastal Company in major years are set out as below:

Unit: RMB ten thousand

Duration (Year)	Operating Revenue	Corporate Free Cash Flow
November to December 2017	6,857.60	5,260.34
2018	44,195.75	4,082.03
2019	49,455.09	762.46
2020	64,570.39	24,545.01
2025	117,627.15	74,435.06
2030	123,680.83	93,385.02
2038 (up to 27 December)	140,580.63	95,278.28

Based on the above assumptions, the market value of the entire shareholder's interests in Coastal Company as at the valuation base date of 31 October 2017 was RMB1.472 billion (approximately HK\$1.712 billion).

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 future cash flows on which the valuation is based. The calculation of discounted future estimated cash flows adopted by Pengxin Appraisal 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.

INFORMATION ON COASTAL COMPANY

Coastal Company is a limited liability company established in the PRC and its principal business is the construction, operation and management of Coastal Project. Guangshen Coastal Expressway (Provincial Line S3) is an important channel connecting Guangzhou and Shenzhen, and Guangdong and Hong Kong. It has a total length of approximately 90 km connecting Huangpu District in Guangzhou and Nanshan District in Shenzhen. Coastal Project is the Shenzhen section of Guangshen Coastal Expressway, extending from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen and connecting with Shenzhen Western Corridor in the south. Coastal Project is a dual eight-lane expressway with the total mileage of approximately 37 km. It is comprised of two phases. Coastal Phase I is on the main line of Guangshen Coastal Expressway. It has a toll mileage of approximately 30.9 km and was opened to traffic on 28 December 2013 with a toll collection period of 25 years. Coastal Phase II includes the connection line on the Shenzhen side of Shenzhen-Zhongshan Channel, Airport Interchange, International Convention and Exhibition Center Interchange, etc., with a total length of approximately 5.7 km. The construction of Coastal Phase II commenced in December 2015 and is scheduled to be opened to traffic by end of 2019.

According to the Coastal Project investment and financing plan approved by the Shenzhen government, the estimated total cost of Coastal Project is approximately RMB16.7 billion. The government shall contribute RMB10.3 billion and Coastal Company shall contribute RMB6.4 billion, which shall be financed by bank loan (of which Coastal Phase I and Coastal Phase II amounted to RMB5.4 billion and RMB1 billion respectively) after pledging its toll-collection right to such bank. As at the date of this announcement, the government has contributed approximately RMB7.1 billion. The Coastal Company has pledged the toll-collection right of Coastal Project to a syndicate led by China Development Bank and has applied for a syndicated loan facility totaling RMB5.4 billion, of which a cumulated amount of RMB4.7 billion was utilized.

For the year ended 31 December 2016 and the ten months ended 31 October 2017, the average daily traffic flow of Coastal Phase I was approximately 73,600 vehicles and 77,200 vehicles, and the average daily toll revenue was approximately RMB1,065,800 and RMB1,113,800, respectively.

To ensure the consistency of accounting information, SZ Expressway has engaged Ernst & Young to audit and make retrospective adjustments to the financial statements of Coastal Company for the year ended 31 December 2016 and the ten months ended 31 October 2017 based on the accounting policy adopted by SZ Expressway. The table below sets out the financial information (after retrospective adjustment) of Coastal Company for the two years ended 31 December 2016 and the ten months ended 31 October 2017:

Unit: RMB'000

	For the year ended 31 December 2015 (unaudited)	For the year ended 31 December 2016 (audited)	For the ten months ended 31 October 2017 (audited)
Net profit/(loss) (before tax)	(145,944.08)	(108,250.41)	(57,345.53)
Net profit/(loss) (after tax)	(145,944.08)	(108,250.41)	(57,345.53)
	As at 31 December 2015 (unaudited)	As at 31 December 2016 (audited)	As at 31 October 2017 (audited)
Net asset	1,637,595.94	1,529,345.53	1,472,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION 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 consider that Guangshen Coastal Expressway is an important core passage going through the north-south of the Pearl River Delta region, it is also an important corridor connecting Guangzhou, Shenzhen and Hong Kong within the Guangdong-Hong Kong-Macau Greater Bay Area. It enjoys an excellent geographical location and an economically viable neighbourhood region. Currently, the Coastal Project is still in the preliminary stage of operation. The surrounding road network is not comprehensive enough. In the short term, it will have a slight negative impact on the operating result of SZ Expressway. With the steady development of the regional economy along the Coastal Project and the constant improvement of its surrounding road networks, the operating performance of Coastal Project will have a rapid growth. In the long run, the acquisition of 100% interest in Coastal Company will help to enhance the business scale and profit base and contribute to steady growth of cash flow for SZ Expressway. The Acquisition will further strengthen the core strengths of SZ Expressway in the investment, management and operation of highways, and in line with the development strategy and overall interests of SZ Expressway as a whole. The Acquisition is the result of the negotiation between SZ Expressway and SIHCL which SZ Expressway has seized the favourable market opportunity. It is a win-win proposal which fully demonstrated the positive attitude of SIHCL in supporting SZ International and SZ Expressway's development and strengthened the positive image of SIHCL in keeping its commitment.

The Acquisition is also in line with SZ International's strategy to consolidate premium infrastructure resources. As 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 board of directors of SZ International considers that the terms and conditions of the Acquisition Agreement are in normal commercial terms, fair and reasonable and in the interests of SZ International and its shareholders as a whole.

For good corporate governance practice, Mr. Gao Lei, Mr. Li Hai Tao, Mr. Liu Jun (all being the directors of Ultrarich International Limited, a wholly-owned subsidiary of SIHCL) and Mr. Liu Xiao Dong (a director of SIHCL) have abstained from voting on the resolution in respect of the Acquisition Agreement in the board meeting of SZ International.

The board of directors of SZ Expressway (save for its independent non-executive directors who will express their view in the circular to be despatched to the independent shareholders of SZ Expressway) considers that the terms and conditions of the Acquisition Agreement are in normal commercial terms, fair and reasonable and in the interests of SZ Expressway and its shareholders as a whole.

Mr. Hu Wei, Mr. Zhao Jun Rong, Mr. Tse Yat Hong, Mr. Liu Ji and Mr. Liao Xiang Wen, all being directors of SZ Expressway who are connected with SZ International or Coastal Company, have abstained from voting on the resolution in respect of the Acquisition Agreement in the board meeting of SZ Expressway. Save for the aforesaid directors, none of the directors of SZ Expressway is required to abstain from voting on the resolution in respect of the Acquisition Agreement in the board meeting of SZ Expressway.

INFORMATION ON SIHCL, SZ INTERNATIONAL AND SZ EXPRESSWAY

SIHCL

SIHCL is principally engaged in property rights management, capital operation, investment and financing business. It owns 44.25% equity interest in SZ International indirectly as at the date of this announcement.

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.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, SZ Expressway is owned as to 50.889% by SZ International, SIHCL is the controlling shareholder (as defined under the Listing Rules) of SZ International which indirectly holds approximately 44.25% equity interest in SZ International and the sole shareholder of Coastal Company. Accordingly, SIHCL and Coastal Company are connected persons of SZ International and SZ Expressway pursuant to Chapter 14A of the Listing Rules, and the transaction contemplated under the Acquisition Agreement constitutes a connected transaction of SZ International and SZ Expressway.

For SZ International and SZ Expressway, as the respective applicable percentage ratios of the transaction under the Acquisition Agreement are more than 5% but lower than 25%, the transaction contemplated under the Acquisition Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, and subject to the reporting, announcement and independent shareholders' approval under Chapter 14A 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:

<u>Name</u>	<u>Qualifications</u>
Pengxin Appraisal	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 Pengxin Appraisal and KPMG is an independent third party of SZ International.

As at the date of this announcement, none of Pengxin Appraisal and KPMG has any shareholding in any member of SZ International group, 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 group.

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

As at the date of this announcement, none of Pengxin Appraisal and Ernst & Young has any shareholding in any member of SZ Expressway group, 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 group.

Each of Pengxin Appraisal, 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.

INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISERS

An independent board committee of each of SZ International (comprising all independent non-executive directors of SZ International) and SZ Expressway (comprising all independent non-executive directors of SZ Expressway) has been established to advise their respective independent shareholders in relation to the Acquisition Agreement and the transaction contemplated thereunder. None of the members of the independent board committees has any material interest in the Acquisition Agreement and the transaction contemplated thereunder.

An independent financial adviser will also be appointed by each of SZ International and SZ Expressway to advise the respective independent board committees and the respective independent shareholders of SZ International and SZ Expressway in respect of the Acquisition Agreement and the transaction contemplated thereunder.

SPECIAL GENERAL MEETING OF SZ INTERNATIONAL

SZ International will convene a special general meeting to consider and, if thought fit, to approve the Acquisition Agreement and the transaction contemplated thereunder.

As at the date of this announcement, SIHCL indirectly owns approximately 44.25% of the issued share capital of SZ International. As such, SIHCL and its associates shall abstain from voting in respect of the resolution(s) approving the Acquisition Agreement and the transaction contemplated thereunder in the special general meeting to be held by SZ International. To the best knowledge, information and belief of the directors of SZ International, save for SIHCL and its associates, no other shareholder of SZ International is required abstain from voting in respect of the resolution(s) approving the Acquisition Agreement and the transaction contemplated thereunder in the special general meeting to be held by SZ International.

EXTRAORDINARY GENERAL MEETING OF SZ EXPRESSWAY

SZ Expressway will convene an extraordinary general meeting to consider and, if thought fit, to approve the Acquisition Agreement and the transaction contemplated thereunder.

As at the date of this announcement, SZ International indirectly owns 50.889% of the issued share capital of SZ Expressway, and SIHCL is the controlling shareholder (as defined under the Listing Rules) of SZ International and indirectly owns approximately 44.25% of the issued share capital of SZ International. As such, SIHCL and its associates (including SZ International and its associates) shall abstain from voting in respect of the resolution(s) approving the Acquisition Agreement and the transaction contemplated thereunder in the extraordinary general meeting to be held by SZ Expressway. To the best knowledge, information and belief of the directors of SZ Expressway, save for SIHCL and its associates (including SZ International and its associates), no other shareholder of SZ Expressway is required abstain from voting in respect of the resolution(s) approving the Acquisition Agreement and the transaction contemplated thereunder in the extraordinary general meeting to be held by SZ Expressway.

GENERAL

SZ International will convene a special general meeting and SZ Expressway will convene an extraordinary general meeting to consider and, if thought fit, to approve the Acquisition Agreement and the transaction contemplated thereunder. Circulars containing, among other things, information on (i) details of the Acquisition; (ii) the recommendation on the Acquisition from the independent board committee; (iii) an advice letter on the Acquisition from the independent financial adviser, are expected to be despatched to the shareholders of SZ International and SZ Expressway on or before 4 January 2018, respectively.

DEFINITIONS

“Acquisition”	the transfer of the 100% equity interest in Coastal Company from SIHCL to SZ Expressway pursuant to the Acquisition Agreement
“Acquisition Agreement”	the equity acquisition agreement entered into among SZ Expressway, SIHCL and Coastal Company on 11 December 2017 in relation to the Acquisition
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Coastal Company”	深圳市廣深沿江高速公路投資有限公司 (Shenzhen Guangshen Coastal Expressway Investment Company Limited), a limited liability company incorporated in the PRC which is owned as to 100% by SIHCL as at the date of this announcement
“Coastal Phase I”	Phase I of Coastal Project, on the main line of Coastal Project, the toll mileage is approximately 30.9 km and was opened to traffic on 28 December 2013
“Coastal Phase II”	Phase II of Coastal Project, which includes the connection line on the Shenzhen side of Shenzhen-Zhongshan Channel, Airport Interchange, International Convention and Exhibition Center Interchange, etc., with a total length of approximately 5.7 km
“Coastal Project”	the Shenzhen section of Guangshen Coastal Expressway (Guangzhou to Shenzhen), which comprises of Coastal Phase I and Coastal Phase II
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Entrusted Construction Agreement”	the entrusted construction management agreement in relation to the Shenzhen section of Guangshen Coastal Expressway entered into between SZ Expressway and Coastal Company on 9 September 2011
“Entrusted Operation Agreement”	the entrusted operation management agreement in relation to Phase I of the Shenzhen section of Guangshen Coastal Expressway entered into between SZ Expressway and Coastal Company on 30 December 2016

“Entrusted Operation and Management Agreement”	the entrusted operation and management agreement and other related agreements in relation to the entrustment management of Coastal Company entered into between SZ Expressway and SIHCL on 6 November 2009
“Ernst & Young”	Ernst & Young Hua Ming LLP, Certified Public Accountants, the PRC
“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
“KPMG”	KPMG, Certified Public Accountants, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pengxin Appraisal”	深圳市鵬信資產評估土地房地產估價有限公司, (Shenzhen Pengxin Appraisal Limited), an independent institution established in PRC with the qualifications for assets valuation
“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
“SIHCL”	深圳市投資控股有限公司 (Shenzhen Investment Holdings Company Limited), a limited liability company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Entrusted Construction Agreement”	the supplemental entrusted construction management agreement in relation to the Shenzhen section of Guangshen Coastal Expressway entered into between SZ Expressway and Coastal Company on 1 June 2016
“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

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 RMB0.86=HK\$1.00 for illustration purpose only. No representation is made to the effect 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
Shenzhen International Holdings Limited
Tam Mei Mei
Company Secretary

By Order of the Board
Shenzhen Expressway Company Limited
Luo Kun
Joint Company Secretary

Shenzhen, PRC, 11 December 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, Messrs. Xie Chu Dao and Liu Xiao Dong as non-executive directors and Messrs. Leung Ming Yuen, Simon, Ding Xun, Nip Yun Wing and Dr. Yim Fung 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).

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

11 December 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 equity interest in Shenzhen Guangshen Coastal
Expressway Investment Company Limited (深圳市廣深沿江高速公路投資有限公司)
("Coastal 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 11 December 2017, which mentioned the valuation (the "Valuation") carried out by 深圳市鵬信資產評估土地房地產估價有限公司, (Shenzhen Pengxin Appraisal Limited) ("Pengxin Appraisal") on the market value of the entire shareholder's interest in Coastal Company as at 31 October 2017.

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 Pengxin Appraisal and the report from our auditor, KPMG, dated 11 December 2017 addressed to us regarding whether, so far as the calculations are concerned, the discounted future cash flows have 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

Li Hai Tao
Executive Director and Chief Executive Officer

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

11 December 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 11 December 2017, which mentioned the valuation (the “Valuation”) carried out by 深圳市鵬信資產評估土地房地產估價有限公司 (Shenzhen Pengxin Appraisal Limited, “Pengxin Appraisal”) on the market value of the entire shareholder’s interest of 深圳市廣深沿江高速公路投資有限公司 (Shenzhen Guangshen Coastal Expressway Investment Company Limited).

We have reviewed the Valuation for which Pengxin Appraisal are responsible, and discuss with Pengxin Appraisal 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 11 December 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.

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

WU Ya De
Executive Director and President

APPENDIX III

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



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE CALCULATION OF DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF 100% EQUITY INTEREST OF SHENZHEN GUANGSHEN COASTAL EXPRESSWAY INVESTMENT COMPANY LIMITED

TO THE BOARD OF DIRECTORS OF SHENZHEN INTERNATIONAL HOLDINGS LIMITED

We refer to the discounted future cash flows on which the valuation dated 11 December 2017 prepared by Shenzhen Peng Xin Appraisal Limited in respect of the appraisal of 100% equity interest of Shenzhen Guangshen Coastal Expressway Investment Company Limited ("the Target Company") as at 31 October 2017 ("the Valuation") 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 for the discounted future cash flows

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 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' 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
11 December 2017

APPENDIX IV



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

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REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF 100% OF THE FAIR VALUE OF SHENZHEN GHUANGSHEN COASTAL EXPRESSWAY INVESTMENT 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 11 December 2017 prepared by Shenzhen PengXin Appraisal Limited in respect of 100% of the fair value of Shenzhen Guangshen Coastal Expressway Investment Company Limited (the "Target") as at 11 December 2017 is based. The valuation is set out in the announcement of Shenzhen Expressway Company Limited (the "Company") dated 11 December 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

11 December 2017