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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)

MAJOR AND CONNECTED TRANSACTION ESTABLISHMENT OF PROJECT COMPANY

FRAMEWORK AGREEMENT

The board of directors of the Company is pleased to announce that on 8 August 2014 (after trading hours), the Company and SZ International entered into the Framework Agreement pursuant to which, the Company and SZ International, through its wholly-owned subsidiary XTC Company, will make capital contributions to establish the Project Company to obtain valuable resources of the land of the Meilin Checkpoint Urban Renewal Project. The Company and XTC Company will own 49% and 51% equity interests in the Project Company respectively and shall make capital contributions in cash and in proportion to their respective interests. The initial registered capital of the Project Company shall be RMB200,000,000 (approximately HK\$253,000,000). After the Subsequent Capital Injection by the Company is approved by the independent shareholders of the Company, both shareholders of the Project Company will make further capital contributions to the Project Company in cash and in proportion to their respective interests if additional capital is required by the Project Company. The aggregate capital contributions (including Initial Capital Contribution and Subsequent Capital Injection) of the parties shall not exceed RMB5,000,000,000 (approximately HK\$6,329,000,000), in which the Company's aggregate capital contributions shall not exceed RMB2,450,000,000 (approximately HK\$3,101,000,000). If the Company could not obtain the independent shareholders' approval for the Framework Agreement and the transactions contemplated thereunder, XTC Company shall acquire all the equity interests in the Project Company held by the Company at the amount of capital already contributed by the Company together with an interest thereon at the prevailing bank lending rate.

REASONS FOR AND BENEFIT OF ENTERING INTO FRAMEWORK AGREEMENT

Following the implementation of toll-free for Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 kilometres, the Shenzhen government gradually carries out urban planning design and renewal work along Meiguan Expressway. Land of the Meilin Checkpoint Urban Renewal Project is situated at geographically advantageous location with obvious advantageous land price, good investment value and

appreciation potential. The establishment of the Project Company by the Company and SZ International (through XTC Company) to obtain valuable resources of the land of the Meilin Checkpoint Urban Renewal Project could meet the government's related requirements on the entity for urban renewal, and to enable both parties to seize the opportunity for urban development and renewal, timely realise the commercial value of current resources, and improve the overall corporate performance and shareholders' returns.

LISTING RULES IMPLICATIONS

As SZ International is an indirect controlling shareholder of the Company, which owns 50.889% interests in the Company and XTC Company is the controlling shareholder of the Company, which directly owns 30.025% interests in the Company, the Framework Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. According to the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Framework Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules. The Framework Agreement and the transactions contemplated thereunder shall be subject to the Company's independent shareholders' approval. An independent board committee comprising all the independent non-executive directors (none of the members of the independent board committee has a material interest in the Framework Agreement and the transactions contemplated thereunder) has been formed by the Company to advise the independent shareholders of the Company in relation to the Framework Agreement and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the independent board committee and the independent shareholders in this respect.

The Company shall convene an extraordinary general meeting to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder. As additional time is required for the Company to prepare the documents and information required under the Listing Rules, the Company will despatch the circular containing (among others) details of the Framework Agreement, the opinion from independent financial adviser, the recommendation from the independent board committee of the Company and other information required under the Listing Rules and the notice convening the extraordinary general meeting to its shareholders on or before 16 September 2014.

FRAMEWORK AGREEMENT

The board of directors of the Company is pleased to announce that on 8 August 2014 (after trading hours), the Company and SZ International entered into the Framework Agreement pursuant to which, the Company and SZ International, through its wholly-owned subsidiary XTC Company, will make capital contributions to establish the Project Company to obtain valuable resources of the land of the Meilin Checkpoint Urban Renewal Project.

Date:

8 August 2014

Parties:

(1) The Company, representing the Company and its wholly-owned subsidiaries; and

(2) SZ International, representing SZ International and its wholly-owned subsidiaries

SZ International nominated XTC Company, its wholly-owned subsidiary, as the shareholder of the Project Company.

Registered Capital and Capital Contributions:

Pursuant to the Framework Agreement, the Project Company will be a limited liability company established in Shenzhen City, Guangdong Province, the PRC. The Company will own 49% equity interests in the Project Company. XTC Company will own 51% equity interests in the Project Company. The parties shall make capital contributions in cash and in proportion to their respective interests in the Project Company. The initial registered capital of the Project Company shall be RMB200,000,000 (approximately HK\$253,000,000), in which the Company shall make capital contribution of RMB98,000,000 (approximately HK\$124,000,000) and XTC Company shall make capital contribution of RMB102,000,000 (approximately HK\$129,000,000). The Project Company will be a non-wholly owned subsidiary of SZ International after its establishment.

After the Subsequent Capital Injection by the Company is approved by the independent shareholders of the Company, both shareholders of the Project Company will make further capital contributions to the Project Company in cash and in proportion to their respective interests if additional capital is required by the Project Company. The aggregate capital contributions (including Initial Capital Contribution and Subsequent Capital Injection) of the parties shall not exceed RMB5,000,000,000 (approximately HK\$6,329,000,000), in which the Company's aggregate capital contributions shall not exceed RMB2,450,000,000 (approximately HK\$3,101,000,000) and XTC Company's aggregate capital contributions shall not exceed RMB2,550,000,000 (approximately HK\$3,228,000,000).

The Company and SZ International agreed that upon obtaining the respective approvals from each competent authority(ies) for the formation of the Project Company with the Initial Capital Contribution, the Project Company will be registered and established first to carry out the preparatory work such as evaluation, planning and coordination of the Meilin Checkpoint Urban Renewal Project. If the Company could not obtain the independent shareholders' approval for the Subsequent Capital Injection after the establishment of the Project Company, XTC Company shall acquire all the equity interests in the Project Company held by the Company at the amount of capital already contributed by the Company to the Project Company together with an interest thereon at the prevailing bank lending rate.

The Company and XTC Company shall take responsibility for the Project Company up to the committed amount of their respective capital contributions to the Project Company, and shall share profit of the Project Company in proportion to their respective capital contributions to the Project Company.

The aggregate capital contribution amount of the parties of a maximum of RMB5,000,000,000 (approximately HK\$6,329,000,000) was determined after negotiation by the Company and SZ International with reference to the cost of the land of the Meilin Checkpoint Urban Renewal Project (please refer to "Information on Meilin Checkpoint Urban Renewal Project" below).

The Company will fund its capital contributions to the Project Company through internal resources and borrowings. Subsequent Capital Injection to the Project Company will be made in

accordance with the actual financial needs of the Meilin Checkpoint Urban Renewal Project, which is expected to be carried out in phases during the period from 2015 to 2016. Based on the operating cashflow, business development and capital expenditure plans of the Group, the directors of the Company are of the view that the transactions contemplated under the Framework Agreement will not have a significant impact on the financial position of the Company.

The business scope of the Project Company:

The proposed principal business scope of the Project Company (subject to approval by the relevant registration authority) includes urban renewal and urban regeneration, comprehensive land development, development, construction and operation of urban infrastructure and public facilities, property leasing, property management.

The board of directors and the management of the Project Company:

The board of directors of Project Company will consist of seven directors, of which three directors will be nominated by the Company and four directors will be nominated by XTC Company. There will be one chairman in the Project Company, who will be elected by the board of directors of Project Company among the directors nominated by XTC Company.

There will be one general manager and several deputy general managers in the Project Company, of which, the general manager and financial controller will be nominated by the Company, one deputy general manager will be nominated by XTC Company and other deputy general manager(s) will be nominated by the general manager based on business needs of the Project Company. All such appointments shall be approved by the board of directors of Project Company.

Other material clauses:

After the establishment of the Project Company, the Project Company will appoint an evaluation institution to assess the value of the land and buildings of the Company and SZ International within the Meilin Checkpoint Renewal Land based on the market principles. The Project Company will make relocation compensation to the Company and SZ International for the demolition and relocation of the land and buildings within the Meilin Checkpoint Renewal Land based on the assessment.

After completion of the procedures in land use and the entering into of the land transfer agreement in respect of the Meilin Checkpoint Urban Renewal Project by the Project Company, each of the Company and SZ International will consider with priority to the transfer of its respective 25% or more equity interests in the Project Company to brand enterprise which owns First-class Qualification in Real Estate Development by way of listing for sale through property and rights trade centre. The parties agreed to act in concert with regard to this matter and will apply to each competent authority(ies) for approval. In line with the future strategic positioning of the Company and SZ International and for the interests of both parties, upon approval by the respective competent authority(ies), the Project Company could be operated in the following manner : (1) the respective shareholdings held by both parties in the Project Company remain unchanged and the Meilin Checkpoint Urban Renewal Project will be developed by the Project Company itself; (2) the transfer of some or all equity interests in the Project Company between the parties.

Conditions precedent:

The Framework Agreement shall be effective after signing by the Company and SZ International and approved by each competent approving authority(ies) respectively.

As at the date of this announcement, the Framework Agreement and the transactions contemplated thereunder and the relevant arrangements are conditional upon the submission to the general meeting of the Company for approval by the independent shareholders of the Company.

INFORMATION ON MEILIN CHECKPOINT URBAN RENEWAL PROJECT

Following the implementation of toll-free for Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 kilometres, the Shenzhen government gradually carries out urban planning design and renewal work along Meiguan Expressway. According to the relevant urban planning, the Shenzhen government intends to implement the Meilin Checkpoint Urban Renewal Project, i.e. adjust the land use of the western land parcel in Meilin Toll Station and Huatongyuan Logistic Centre land parcel, totaling approximately 131,000 square metres, and of which approximately 96,000 square metres will be changed to land for development and construction in accordance with urban renewal policy for comprehensive development.

The Meilin Checkpoint Urban Renewal Project is located in Longhua New Area in Shenzhen, which is one of the five identified sub city centres in *Overall Planning for Shenzhen City (2007-2020)* and a functional expansion of urban areas and key development areas, adjacent to the Futian District, downtown area of Shenzhen City. This project has a planned composite plot ratio of 5.06, and total gross floor area of approximately 486,000 square metres.

According to relevant regulations of Measures on Administration of Urban Renewal of Shenzhen Municipality, the Company and SZ International, as the owners of the Meilin Checkpoint Renewal Land, has the right to establish the Project Company as the entity to apply for the Meilin Checkpoint Urban Renewal Project and be responsible for related works in acquiring the land of the Meilin Checkpoint Urban Renewal Project. The entity of the urban renewal project shall commence the following major tasks before obtaining the land: (1) preparation of the urban renewal plan; (2) appointment of survey and mapping institutions for verification and inspection of buildings; (3) appointment of planning design institution to prepare renewal project planning; (4) confirmation of the entity applying for the project; (5) application for land planning administrative permit, entering into of the land transfer agreement and payment of the land premium. According to coordination arrangement on the Meilin Checkpoint Urban Renewal Project by Shenzhen government, the land premium required to be paid under the Meilin Checkpoint Urban Renewal Project is approximately RMB3,567,000,000 (approximately HK\$4,515,000,000), which will be valid until 30 June 2015. The application entity for the project shall enter into land transfer agreement and pay the first installment of land premium of approximately RMB1,070,000,000 (approximately HK\$1,354,000,000, 30% of the land premium), and pay the balance of the land premium of within 1 year after the land transfer agreement becoming effective.

Upon preliminary assessment by the Company and SZ International, the total cost of land on the Meilin Checkpoint Urban Renewal Project is approximately RMB5,000,000,000

(approximately HK\$6,329,000,000), including the above-mentioned land premium required to be paid in amount of RMB3,567,000,000, relevant taxes and fees, the demolition and relocation compensation payment for the properties on the Meilin Checkpoint Renewal Land, and the initial planning expenses, etc. The estimation of cost is based on the land premium determined by the government, and with reference to the information on demolition and relocation compensation and preliminary planning expenses of other similar urban renewal projects in Shenzhen, together with the area, the plot ratio and planning indicators of the land of the Meilin Checkpoint Urban Renewal Project, etc. The gross floor area of the Meilin Checkpoint Urban Renewal Project is approximately 486,000 square metres, including estate for residential, commercial, office, business apartments and public ancillary, etc. Based on the currently planned saleable area of approximately 470,000 square metres, the floor price of the Meilin Checkpoint Urban Renewal Project is approximately RMB10,000 to 11,000 per square metre. The Company reviewed the market price of the adjacent area of the Meilin Checkpoint Renewal Land and considered that when comparing the floor price of such project to that of adjacent area, the land of such project has obvious advantages in price with good potential development and appreciated value.

To ensure normal performance of duties by government authority and the smooth commencement of specialised work, Longhua Committee, being the authority assigned by municipal government in which the Meilin Checkpoint Renewal Land located, requires that the ultimate entity participated in the Meilin Checkpoint Urban Renewal Project shall be able to complete the related tasks and pay the land premium within the agreed time, and if it fails to fulfill the obligation, pay an agreed compensation in the amount of the compensation actually made by Longhua Committee in accordance with *Agreement on the Toll Adjustment and Compensation and the Transfer of Assets Regarding Meiguan Expressway*. Pursuant to Longhua Committee's requirement, the Company and SZ International shall agree with Longhua Committee, upon obtaining the approval from each competent authority(ies) respectively on the related matters, to enter into the land transfer agreement and pay the land premium in accordance with the timetable aforesaid through the Project Company, and to pay the agreed compensation (if any) in proportion to their respective interests in the Project Company when fail to fulfill the obligation.

REASONS FOR AND BENEFIT OF ENTERING INTO FRAMEWORK AGREEMENT

The Meilin Checkpoint Renewal Land is situated at geographically advantageous location with obvious advantageous land price, good investment value and appreciation potential. The establishment of the Project Company by the Company and SZ International to obtain valuable resources of the land of the Meilin Checkpoint Urban Renewal Project could meet the government's related requirements on the entity for urban renewal, and to enable both parties to seize the opportunity for urban development and renewal, timely realise the commercial value of current resources, and improve the overall corporate performance and shareholders' returns.

The Company will make subsequent implementation of the project through the transfer of equity interests in the Project Company or self-development by the Project Company with consolidation of its strategy positioning, operational conditions and external market conditions. In view of the current advantageous land price, it is expected to achieve reasonable economic returns no matter through the transfer of equity interests in the Project Company or self-development. The specific impact will depend on the operation strategy of the Company on Project Company and market conditions. It is expected that the Meilin Checkpoint Urban Renewal Project will not generally have an impact on the operating results of the Company in 2014.

CONSIDERATION OF THE TRANSACTION BY THE COMPANY

A board of directors meeting of the Company was held on 7 August 2014 and approved *Resolution on joint venture with SZ International in establishment of the Project Company to implement Meilin Checkpoint Urban Renewal Project*. Mr. Yang Hai, Mr. Li Jing Qi, Mr. Zhao Jun Rong, Mr. Hu Wei and Mr. Tse Yat Hong, who have positions in SZ International and/or its subsidiaries (excluding the Group) declared their interests as required and abstained from voting on relevant resolution. The resolution was unanimously passed by the remaining directors.

The board of directors of the Company is of the view that the Framework Agreement and the transactions contemplated thereunder and the related arrangements are negotiated on an arm's length basis by SZ International and the Company and are entered into on normal commercial terms, the terms of the transactions are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

Carrying out the Meilin Checkpoint Urban Renewal Project may be exposed to uncertainties such as market risk, compensation for land demolition and relocation risk. The value of the land and the properties market could be affected by various factors including society, political, economic and legal environment, as well as the government's fiscal policy and monetary policy, etc. Although a material fluctuation is unlikely to occur in the coming two years, it may be exposed to certain market risks as the Meilin Checkpoint Urban Renewal Project is a relatively long-cycle project. In addition, in order to achieve a developable state for an urban renewal project, demolition and relocation compensation payment are required to be made in respect of the properties on the land of the project and there may be risk of slow progress and high cost of demolition. Therefore, the Company will strengthen the research and tracking on the market and policy, and procure the Project Company to enhance preparatory market research, focus on planning work, and enhance its market competitiveness and responsive capabilities. At the same time, the Company will enhance the communications and coordination between cooperation parties and the government departments, and organise relevant assets valuation and auditing work through the Project Company to facilitate the demolition work. It is expected the overall risk is controllable.

INFORMATION ON SZ INTERNATIONAL AND ITS WHOLLY-OWNED SUBSIDIARY XTC COMPANY

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. XTC Company is principally engaged in investment holding.

INFORMATION ON THE COMPANY

The Company and its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways and roads.

LISTING RULES IMPLICATIONS

As SZ International is an indirect controlling shareholder of the Company, which owns 50.889% interests in the Company and XTC Company is the controlling shareholder of the Company, which directly owns 30.025% interests in the Company, the Framework Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. According to the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Framework Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules. The Framework Agreement and the transactions contemplated thereunder shall be subject to the Company's independent shareholders' approval. An independent board committee comprising all the independent non-executive directors (none of the members of the independent board committee has a material interest in the Framework Agreement and the transactions contemplated thereunder) has been formed by the Company to advise the independent shareholders of the Company in relation to the Framework Agreement and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the independent board committee and the independent shareholders in this respect.

The Company shall convene an extraordinary general meeting to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder. As at the date of this announcement, an aggregate of 1,109,775,887 shares (representing approximately 50.889% issued shares) in the Company are held indirectly by SZ International. SZ International and its associates shall abstain from voting on the resolution in relation to the Framework Agreement and the transactions contemplated thereunder in the extraordinary general meeting of the Company. To the best of the Company's directors' knowledge, information and belief, having made all reasonable enquiries, except SZ International and its associates, none of the other shareholders of the Company have to abstain from voting on the resolution in relation to the Framework Agreement and the transactions contemplated thereunder in the extraordinary general meeting. As additional time is required for the Company to prepare the documents and information required under the Listing Rules, the Company will despatch the circular containing (among others) details of the Framework Agreement, the opinion from independent financial adviser, the recommendation from the independent board committee of the Company and other information required under the Listing Rules and the notice convening the extraordinary general meeting to its shareholders on or before 16 September 2014.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	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
“Framework Agreement”	the framework agreement on joint venture in establishment of the Project Company in relation to the Meilin Checkpoint Urban Renewal Project (《關於合資成立梅林關城市更新項目的框架協議》) entered into by SZ International and the Company on 8 August 2014

“Group”	The Company and its consolidated subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Capital Contribution”	XTC Company and the Company’s capital contributions in the aggregate amount of RMB200,000,000 (approximately HK\$253,000,000) for the establishment of the Project Company pursuant to the Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longhua Committee”	Shenzhen Longhua New Area Administrative Committee
“Meiguan Company”	Shenzhen Meiguan Expressway Company Limited (深圳市梅觀高速公路有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Meiguan Expressway”	the expressway from Meilin to Guanlan in Shenzhen City with total length of approximately 19.2 kilometres, starting from Meilin checkpoint in the south and runs northwards ending at the border of Shenzhen and Dongguan
“Meilin Checkpoint Renewal Land”	the western land parcel in Meilin Toll Station owned by Meiguan Company and Huatongyuan Logistic Centre land parcel owned by XTC Company, etc., totaling approximately 131,000 square metres
“Meilin Checkpoint Urban Renewal Project”	the project of intended adjustment in the land use of the Meilin Checkpoint Renewal Land by the Shenzhen government, of which approximately 96,000 square metres will be changed to development and construction land for comprehensive development in accordance with urban renewal policy
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project Company”	a company to be established in Shenzhen City, Guangdong Province, the PRC by XTC Company and the Company pursuant to the Framework Agreement, and is the applying entity and legal entity for the Meilin Checkpoint Renewal Project

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Capital Injection”	the capital injection to the Project Company by XTC Company and the Company according to the needs of the Project Company pursuant to the Framework Agreement. As a whole, the aggregate capital contributions by both parties (including the Initial Capital Contribution and Subsequent Capital Injection) shall not exceed RMB5,000,000,000 (approximately HK\$6,329,000,000)
“SZ International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“XTC Company”	Xin Tong Chan Development (Shenzhen) Company Limited (新通產實業開發(深圳)有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of SZ International

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, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.79. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By Order of the Board
Yang Hai
Chairman

Shenzhen, PRC, 8 August 2014

As at the date of this announcement, the directors of the Company are Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Executive Director and President), Mr. Li Jing Qi (Non-executive Director), Mr. Zhao Jun Rong (Non-executive Director), Mr. Hu Wei (Non-executive Director), Mr. Tse Yat Hong (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Wang Hai Tao (Independent non-executive Director), Mr. Zhang Li Min (Independent non-executive Director), Mr. Au Sing Kun (Independent non-executive Director) and Mr. Lin Chu Chang (Independent non-executive Director).