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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)

**CONNECTED TRANSACTION
IN RELATION TO CONSTRUCTION OF TIANYUAN INTERCHANGE OF
OUTER RING PROJECT**

On 18 August 2014, Outer Ring Company (a wholly-owned subsidiary of the Company) issued a letter of acceptance to CCCC Second Highway, confirming that CCCC Second Highway would be the Project's construction contractor, and will enter into the Agreement for the Project within the agreed period, the total contract price being RMB439,249,897 (approximately HK\$556,012,528).

LISTING RULES IMPLICATIONS

CCCC Second Highway's wholly-owned subsidiary, CCCC-SHB Fifth Engineering Co. Ltd., holds 30% interest in the Company's non-wholly owned subsidiary, Guishen Company. According to the Listing Rules, CCCC Second Highway is a connected person of the Company at the subsidiary level, the Transaction constitutes a connected transaction of the Company. Pursuant to Rule 14A.101 of the Listing Rules, the Company shall comply with the reporting and announcement requirements, but is exempted from the circular, independent financial advice, and shareholders' approval requirements in view that (i) the Board has approved the Transaction, and (ii) the Independent Directors have confirmed that the Transaction is on normal commercial terms and the terms of the Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INTRODUCTION

The Board hereby announces that the Company's wholly-owned subsidiary, Outer Ring Company, recently conducted a public tender for the Project. Pursuant to the procedures, adjudication rules, and tender award principles as regulated, CCCC Second Highway was ultimately confirmed as the successful bidder for the tender at a price of RMB437,249,897 (approximately HK\$556,012,528). On 18 August 2014, Outer Ring Company issued a letter of acceptance to CCCC Second Highway, confirming that CCCC Second Highway would be the Project's construction contractor, and will enter into the Agreement for the Project within the agreed period.

DETAILS OF THE TRANSACTION

Date of issue of the letter of acceptance:

18 August 2014

According to the relevant PRC laws and regulations and the terms of the tender documents, the issue of the letter of acceptance imposes legally binding obligations on both parties. CCCC Second Highway shall enter into the Agreement with Outer Ring Company within 21 days from the date of receipt of the said letter of acceptance. It is expected that the Agreement will contain the following material terms:

Parties:

- (1) Outer Ring Company; and
- (2) CCCC Second Highway (as the Project's construction contractor).

Name and scope of the Project:

The name of the Project is the construction of the Tianyuan Interchange of the foregoing section of the Shenzhen section of Shenzhen Outer Ring Expressway (the first contract section). The major construction work is Tianyuan Interchange, the main route of which spans around 1.43 kilometres. There will be four ramps on the interchange.

Total contract price:

RMB439,249,897 (approximately HK\$556,012,528).

The total contract price is determined based on the bid price submitted by CCCC Second Highway for the public tender of the Project.

Construction period:

The construction period of the Project is 30 months from the commencement date specified in the work commencement notice to be issued by Outer Ring Company. The defects liability period of the Project lasts for two years from the issuance of the Hand-over Certificate. During the defects liability period, CCCC Second Highway shall be liable for defects in the construction being handed-over for use.

Payment arrangements:

1. Outer Ring Company shall pay 10% of the total contract price as prepayment upon CCCC Second Highway's completion of preparatory works for construction (including construction machinery entering into the site and completion of temporary works such as stationary infrastructure);
2. from the month following the commencement date until the month of issuance of the Hand-over Certificate, CCCC Second Highway shall, in accordance with each month's actual progress of the Project, calculate the month's construction payments and other payable sums, which will be paid by Outer Ring Company after review; when the cumulative payment schedule is 30% to 80%, Outer Ring Company, according to the progress of the construction, will deduct the prepayment in a fixed proportion by monthly installments;
3. after the issuance of the Hand-over Certificate, CCCC Second Highway shall, in accordance with the actual situation of the Project, calculate the construction payments and other payable sums as at the date of hand-over, which will be paid by Outer Ring Company after review;
4. upon expiry of the defects liability period, CCCC Second Highway shall, in accordance with all the works completed pursuant to the Agreement, calculate the total construction payments and other payable sums, which will be paid by Outer Ring Company after review.

Quality guarantee deposit:

5% of the construction payments of each installment will be deducted from the payment to be made to CCCC Second Highway by Outer Ring Company as deposit (subject to a limit of 5% of the sum payable at the hand-over) to guarantee performance of defects repair obligation during the defects liability period. Upon expiry of the defects liability period, Outer Ring Company shall return the quality guarantee deposit (after deducting all the fees CCCC Second Highway is liable for) in one lump sum to CCCC Second Highway.

Performance guarantee:

CCCC Second Highway shall, within 14 days from the date of receipt of the letter of acceptance and prior to signing the Agreement, provide performance guarantee to Outer Ring Company in the sum of 15% of the total contract price, which comprises bank performance guarantee of 10% of the total contract price and cash guarantee of 5% of the total contract price. The guarantee will be returned 28 days after the issuance of the Hand-over Certificate.

Adjustments of the total contract price:

The current total contract price is calculated in accordance with the estimated quantities and unit prices (or total prices) listed in the priced bill of quantities, and is subject to adjustments due to fluctuations in materials prices, changes in the construction works, and delay of the construction period during the construction of the Project. According to general experience, it is estimated that the adjustment of the total contract price (if any, including upward and downward adjustments) would not exceed approximately 10% of the current total contract price, i.e. the adjusted total contract price not exceeding approximately RMB485 million (approximately HK\$614 million). As at the date of this announcement, the Board is not aware of any matter which would cause such adjustments to have significant impact on the total contract price.

BASIC INFORMATION OF THE PROJECT

The Board has in July 2014 approved the Group to carry out the construction organisation works of the foregoing section of the Outer Ring Project. For the relevant details, please refer to in the announcement of the Company dated 7 July 2014. The Project is the major construction works of the foregoing section of the Outer Ring Project, which is to be constructed with funds organised and arranged by the government and to be organised and implemented by Outer Ring Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As approved by the Board, Outer Ring Company is carrying out construction organisation works of the foregoing section of the Outer Ring Project. This is in line with the Company's overall strategy of engaging in the investment, construction, operation and management of toll highways and roads. Outer Ring Company conducted a tender for the Project through the Construction Project Transaction Centre designated by the Shenzhen government by way of public tender. Under the organisation and supervision of the Construction Project Transaction Centre and upon review and assessment by the credential committee, tender assessment committee and tender award committee in accordance with the prescribed procedures, assessment rules and tender award criteria, CCCC Second Highway was confirmed as the successful bidder for the tender among the eighteen units that submitted a bid. According to the relevant tender documents and rules, the criteria applied to the assessment of the units that submitted a bid include its professional credentials and technique, experience in similar constructions, management team, and the bid price etc.

The Board has already approved the Transaction. No director of the Company is materially interested in the Transaction and is required to abstain from voting on the Board resolution to approve the Transaction.

The Board (including the Independent Directors) is of the view that the Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms, its terms are fair and reasonable, and is in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

The Group is principally engaged in the investment, construction, operation and management of toll highways and roads. Outer Ring Company is a wholly-owned subsidiary of the Company, which is principally engaged in the investment, construction, operation and management of the Outer Ring Project.

CCCC Second Highway is principally engaged in construction of transportation infrastructures, such as project construction (including highways, bridges etc.), construction designs, construction consultations, construction supervisions, and construction investments.

LISTING RULES IMPLICATIONS

CCCC Second Highway's wholly-owned subsidiary, CCCC-SHB Fifth Engineering Co. Ltd.,

holds 30% interest in the Company's non-wholly owned subsidiary, Guishen Company. According to the Listing Rules, CCCC Second Highway is a connected person of the Company at the subsidiary level, the Transaction constitutes a connected transaction of the Company. Pursuant to Rule 14A.101 of the Listing Rules, the Company shall comply with the reporting and announcement requirements, but is exempted from the circular, independent financial advice, and shareholders' approval requirements in view that (i) the Board has approved the Transaction, and (ii) the Independent Directors have confirmed that the Transaction is on normal commercial terms and the terms of the Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Agreement”	the agreement regarding the construction of the Project proposed to be entered into by Outer Ring Company and CCCC Second Highway pursuant to the letter of acceptance issued by Outer Ring Company on 18 August 2014 and relevant tender documents
“Board”	the board of directors of the Company
“CCCC Second Highway”	CCCC Second Highway Engineering Bureau Co., Ltd.
“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
“connected person”	has the meaning ascribed to it in the Listing Rules
“Construction Project Transaction Centre”	Shenzhen Construction Project Transaction Service Centre (深圳市建設工程交易服務中心), a construction project transaction service organisation set up by the Shenzhen government
“Group”	the Company and its consolidated subsidiaries
“Guishen Company”	Guizhou Guishen Investment Development Company Limited (貴州貴深投資發展有限公司), a 70%-owned subsidiary of the Company
“Hand-over Certificate”	the hand-over certificate to be issued by Outer Ring Company to CCCC Second Highway upon the Project completed, hand-over procedures accepted, and completion of the hand-over of maintenance works and management of the Project
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Directors”	independent non-executive directors of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outer Ring Company”	Shenzhen Outer Ring Expressway Investment Company Limited (深圳市外環高速公路投資有限公司), a wholly-owned subsidiary of the Company
“Outer Ring Project”	Shenzhen section of the Shenzhen Outer Ring Expressway
“PRC”	the People’s republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region and Taiwan
“Project”	the construction of the Tianyuan Interchange of the foregoing section of Outer Ring Project (the first contract section)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the letter of acceptance on the Project from Outer Ring Company to CCCC Second Highway and the Agreement

Note:

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
Wu Qian
Company Secretary

Shenzhen, PRC, 18 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).