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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

CONSTRUCTION OF THE FIRST CONTRACT SECTION OF THE FIRST PHASE OF GUILONG DEVELOPMENT PROJECT

CONSTRUCTION AGREEMENT

On 25 September 2014, Property Company (a 70%-owned subsidiary of the Company) and CCCC SHFE entered into Construction Agreement, the parties agreed CCCC SHFE will be the Project's construction contractor, the contract price is RMB55,055,078 (approximately HK\$69,689,972).

LISTING RULES IMPLICATIONS

CCCC SHFE holds 30% interests in the Company's non-wholly owned subsidiary, Guishen Company. According to the Listing Rules, CCCC SHFE is a connected person of the Company at the subsidiary level, the Transaction constitutes a connected transaction of the Company. As the applicable percentage ratios in relation to the Transaction are more than 1% but less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the Company shall comply with the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and shareholders' approval.

The Board hereby announces that Property Company, a 70%-owned subsidiary of the Company, entered into Construction Agreement with CCCC SHFE on 25 September 2014, the parties agreed CCCC SHFE to be the Project's construction contractor, the contract price is RMB55,055,078 (approximately HK\$69,689,972).

CONSTRUCTION AGREEMENT

Date:

25 September 2014

Parties:

- (1) Property Company; and
- (2) CCCC SHFE (as the Project's construction contractor)

Name and scope of the Project:

The construction and installation work on the first contract section (southern district) of the first phase of the further development on Land No.1 of the Guilong Project, including but not limited to civil works such as foundation, the main structure, secondary structure, and wall decorations, as well as water supply and drainage, electrical and other construction installation works.

Contract Price:

RMB55,055,078 (approximately HK\$69,689,972)

The contract price is determined based on the bidding price (please refer to "BASIC INFORMAITON OF THE PROJECT" below) submitted by CCCC SHFE in the tender of the Project.

The contract price stated in the agreement is calculated in accordance with the estimated quantities and unit prices (or total prices) listed in the priced bill of quantities. Pursuant to the Construction Agreement, the final contract price (also referred to as "total contract settlement price") is subject to adjustments due to changes in construction works, but will not be adjusted due to factors such as fluctuations in materials prices and delay of the construction period. According to general experience, it is estimated that the possible adjustment amount (if any, including upward or downward adjustment) would not exceed approximately 10% of the contract price stated in the agreement, i.e. it is estimated that the total contract settlement price will not exceed approximately RMB61,000,000 (approximately HK\$77,000,000). 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 contract price.

Property Company will pay the contract price in cash by way of internal resources and/or borrowings.

Construction period:

The construction period of the Project is 7 months from the commencement date specified in the work commencement notice to be issued by Property Company. The defects liability period of the Project lasts for 24 months from the actual completion date. During the defects liability period, CCCC SHFE shall be liable for defects in the construction being handed-over for use.

Payment arrangements:

There is no prepayment for the Project. The contract price shall be paid in 10 instalments:

1. The first 8 instalments shall be paid according to the completion progress of works such as foundation pouring, the completion of the main structure, ready to deliver for occupancy, the handover of the construction, completion settlement. The cumulative payment shall be up to 85% of the total contract settlement price upon completion of the completion settlement;
2. The cumulative payment shall be up to 95% of the total contract settlement price 1 year after the completion and acceptance;
3. The balance of the contract price shall be paid 2 years after the completion and acceptance.

Quality guarantee deposit:

The quality guarantee deposit agreed in the Construction Agreement is 5% of the total contract settlement price, to guarantee performance of defects repair obligation by CCCC SHFE during the defects liability period. Upon expiry of the defects liability period, Property Company shall return the quality guarantee deposit (after deducting all the fees CCCC SHFE is liable for) in one lump sum to CCCC SHFE.

Performance guarantee:

CCCC SHFE has provided a bank guarantee letter as performance guarantee to Property Company in the sum of 10% of the bidding price. The performance guarantee will be returned 28 days after the issuance of the completion and acceptance certificate.

BASIC INFORMATION OF THE PROJECT

The Board has approved the Group to adopt a rolling-funds instalments development strategy to develop Guilong Development Project. Amongst which, the first phase of Guilong Development Project occupies 110 mu (approximately 70,000 square metres), the aggregate construction area is approximately 65,454 square metres. According to the overall progress of work and arrangements for land development, Property Company conducted two separate tenders (i.e. the first contract section (southern district) and the second contract section (northern district)) for the construction and installation work on the first phase of Guilong Development Project and will make construction arrangement accordingly, of which the construction area of the first contract section (i.e. the Project) is approximately 29,492 square metres.

The selection of the construction contractor of the construction and installation work on the first phase of Guilong Development Project and the price of the Transaction are determined by Property Company through bidding. When reviewing the qualification of the bidders, it considered main factors such as the strengths of the enterprises, the professional qualifications, the experience and

reputation in the industry and cooperation intention. Where the bidders fulfil the qualifications, the successful bidder was determined by the principle of lowest bidding price. Property Company determined the upper limit of tender price in accordance with the tender budget of the Project, such tender budget is prepared by adopting the government fixed pricing standard and with reference to similar project in the market (i.e. prepared in accordance with “Specification of Charging on Bill of Quantities of Construction Project”), the bill of quantities for construction and material cost are fixed according to the prevailing local price quotation or construction cost information. Market price is adopted when there is no cost information. Labour cost, mechanic cost, management fee, reasonable profit and tax are calculated according to pricing quotation, and determined after comparing the cost for similar projects in the prevailing market. According to the tender document and the assessment result, CCCC SHFE was confirmed to be the successful bidder of the Project, the bidding price was RMB55,055,078 (approximately HK\$69,689,972). Such bidding price does not exceed the upper limit of the tender price determined by Property Company, and it is the lowest bidding price among all the bidding parties.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The principal business of Property Company is implementation of Guilong Development Project in accordance to the proposal approved by the Board. The construction arrangement under the Construction Agreement, is part of the construction and installation work under Guilong Development Project, and would enable Property Company to carry forward the working objectives and requirement of Guilong Development Project. Property Company follows the established management procedure, determines the construction contractor by way of tender, the preparation of the tender documents are in line with the market general standards and industry practices, and controls the transaction price through calculating the tender budget in accordance with the government fixed pricing standard and with reference to similar project in the market. There does not exist situation which damages the Company’s interests.

The Board has 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 terms of the Construction Agreement are determined by the parties on arm’s length negotiation after the tender procedure. The Board (including the independent non-executive 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 are 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. Property Company is a subsidiary of the Company, and principally engaged in land comprehensive development and properties development.

CCCC SHFE is principally engaged in construction works (including highways and bridges transportation construction, earthwork engineering construction, public infrastructure construction, housing construction etc.), marketing and services of construction materials and equipments, technical consulting.

LISTING RULES IMPLICATIONS

CCCC SHFE holds 30% interests in the Company's non-wholly owned subsidiary, Guishen Company. According to the Listing Rules, CCCC SHFE is a connected person of the Company at the subsidiary level, the Transaction constitutes a connected transaction of the Company. As the applicable percentage ratios in relation to the Transaction are more than 1% but less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the Company shall comply with the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and shareholders' approval.

DEFINITIONS

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

“Board”	The board of directors of the Company
“CCCC SHFE”	CCCC Second Highway Fifth Engineering 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 Agreement”	the construction agreement regarding the Project entered into by Property Company and CCCC SHFE on 25 September 2014
“Group”	the Company and its consolidated subsidiaries
“Guilong Development Project”	the project of further development of the land located in Longli, Guizhou owned by the Group, with an area of 300 mu (approximately 200,000 square metres), of which Phase I of Guilong Development Project occupies an area of 110 mu (approximately 70,000 square metres)
“Guishen Company”	Guizhou Guishen Investment Development Company Limited (貴州貴深投資發展有限公司), in which the Company's wholly-owned subsidiary Shenzhen Expressway Investment Company Limited and CCCC SHFE holds 70% equity interests and 30% equity interests respectively, is a non-wholly owned subsidiary of the Company
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 and installation works on the first contract section of the first phase of Guilong Development Project
“Property Company”	Guizhou Shenzhen Expressway Property Company Limited (貴州深高速置地有限公司), Guishen Company’s wholly-owned subsidiary, a non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	The transactions under the Construction Agreement

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
Wu Qian
Company Secretary

Shenzhen, the PRC, 25 September 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).