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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 TRANSACTIONS

SALE OF THE ENTIRE EQUITY INTEREST IN AND CREDITORS' RIGHTS

OF GUIZHOU PENGBO AFTER REGROUPING

SALE OF 51% EQUITY INTEREST IN GUIZHOU HENGTONGLI

AFTER REGROUPING

TRANSFER AGREEMENTS

The Board of the Company is pleased to announce that on 30 December 2015, Guizhou Property (a 70%-owned subsidiary of the Company, as transferor) and SZ International Logistics (as transferee) entered into Transfer Agreement A and Transfer Agreement B respectively, pursuant to which Guizhou Property proposes to, after regrouping the land relevant to Guilong Land No. 2 and changing the land use of part of the land lots, transfer to SZ International Logistics the entire equity in and creditors' rights of Guizhou Pengbo (which will hold approximately 322.9 mu of logistics land lots) and 51% equity interest in Guizhou Hengtongli (which will hold approximately 143.9 mu of commercial and residential land lots) at a consideration of approximately RMB95.27 million (approximately HK\$113.41 million) and RMB44.02 million (approximately HK\$52.41 million) respectively following the regrouping.

Upon completion of the Transaction, the Company will cease to hold any equity interest in Guizhou Pengbo, and will indirectly hold 49% equity interest in Guizhou Hengtongli. Guizhou Pengbo and Guizhou Hengtongli will cease to be subsidiaries of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, SZ International holds approximately 50.889% equity interest in the Company, while SZ International Logistics is a wholly-owned subsidiary of SZ International. Therefore, under Chapter 14A of the Listing Rules, SZ International Logistics is a connected person of the Company, and the Transaction constitutes connected transactions of the Company.

Since one or more of the applicable percentage ratios of the Transaction (excluding profit ratio) calculated on an aggregated basis are above 0.1% but less than 5%, the Transfer Agreements are subject to the requirements of reporting and announcement but exempt from the requirement of approval by independent shareholders under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board of the Company is pleased to announce that on 30 December 2015, Guizhou Property (a 70%-owned subsidiary of the Company, as transferor) and SZ International Logistics (as transferee) entered into Transfer Agreement A and Transfer Agreement B respectively. Pursuant to Transfer Agreement A, Guizhou Property proposes to transfer to SZ International Logistics the entire equity interest in and creditors' rights of its subsidiary Guizhou Pengbo (which will hold approximately 322.9 mu of logistics land lots on Guilong Land No. 2) at a transfer price of approximately RMB95.27 million (approximately HK\$113.41 million) following the regrouping; and pursuant to Transfer Agreement B, Guizhou Property proposes to transfer to SZ International Logistics 51% equity interest in its subsidiary Guizhou Hengtongli (which will hold approximately 143.9 mu of commercial and residential land lots on Guilong Land No. 2) at a transfer price of approximately RMB44.02 million (approximately HK\$52.41 million) following the regrouping.

The Company indirectly holds 70% equity interest in its subsidiary Guishen Company. Through several wholly-owned subsidiaries directly held by Guishen Company or held by its wholly-owned subsidiary Guizhou Property, Guishen Company has successfully obtained Guilong Land through bidding with total area of approximately 2,310 mu. According to the local economic trends and industry development of Guizhou, as well as the overall development strategy of the Group in respect of Guilong Land, Guishen Company proposes to regroup six land parcels (with total area of approximately 589.9 mu) on Guilong Land No. 2 and change the land use of part of the land lots, followed by full or partial transfer of the interest in the two land-holding companies Guizhou Pengbo and Guizhou Hengtongli to SZ International Logistics.

TRANSFER AGREEMENTS

Major terms of Transfer Agreement A and Transfer Agreement B are as follows:

Transfer Agreement A

Date: 30 December 2015

Parties: (1) Guizhou Property (as transferor) ; and
(2) SZ International Logistics (as transferee).

Target: the entire equity interest in and creditors' rights of Guizhou Pengbo following the regrouping (which will hold approximately 322.9 mu of logistics land on Guilong Land No. 2).

Consideration and the basis for its determination:

The consideration is RMB95,267,300 (approximately HK\$113,413,452). The final transfer price will be adjusted, if needed, according to the exact area of adjusted land use right obtained by Guizhou Pengbo.

After Guizhou Pengbo obtaining adjusted land use right, the value of the equity interest in and creditors' rights of Guizhou Pengbo proposed to be transferred will be assessed, and if the final transfer price as per the agreement is 10% higher than the assessed value, or the assessed value is higher than the final transfer price, the agreement should be automatically released.

Given the inactive trading market of logistics land lots in the surrounding regions and the absence of reference market prices from independent third parties as the basis of the consideration, the consideration is calculated on the basis of the cost-plus method and determined by both parties to the transaction through negotiation on an arm's length basis. The negotiation of the transaction consideration is based on the land costs (including the land premium, various tax charges and cost of capital, and deducting the compensation to Guizhou Property proposed to be refunded by Longli Government due to the change of land use), together with reasonable profits (calculated by reference to the return on equity of the Company in 2014, with consideration given to the holding period of the land and the rate of enterprise income tax).

Payment arrangements:

- (1) Within 10 working days following Guizhou Pengbo obtaining the adjusted land use right, SZ International Logistics shall pay the first instalment of the consideration of RMB47,633,650 (approximately HK\$56,706,726) to the bank account in the name of Guizhou Property as agreed by both parties.
- (2) Within 10 working days following the receipt of the acceptance documents from the relevant government authorities concerning the transfer of equity interest in Guizhou Pengbo by both parties, SZ International Logistics shall pay the second instalment of the consideration of RMB47,633,650 (approximately HK\$56,706,726) to the above bank account.

The above consideration shall be paid by SZ International Logistics in cash to Guizhou Property.

Effective from:

The agreement will be effective after being signed and sealed by both parties to the transaction.

Others:

Prior to the application for registration of the change in respect of the transfer of equity interest in Guizhou Pengbo, if Guizhou Pengbo fails to obtain the adjusted land use right in full as scheduled, or if the relevant land authorities clearly refuses to proceed with the application for changes in the planned land use of the land under the name of Guizhou Pengbo, or if either party fails to complete the relevant approval and filing procedures of Shenzhen SASAC, or if both parties fail to complete the transaction within 6 months since the date of signing the agreement, the agreement shall be automatically released/terminated. Both parties could make further negotiation and determination for the cooperate matters.

Transfer Agreement B

Date: 30 December 2015

Parties: (1) Guizhou Property (as transferor) ; and
(2) SZ International Logistics (as transferee).

Target: 51% equity interest in Guizhou Hengtongli following the regrouping (which will hold approximately 143.9 mu of commercial and residential land lots on Guilong Land No. 2).

Consideration and the basis for its determination:

The consideration is RMB44,021,160 (approximately HK\$52,406,143). The final transfer price will be adjusted, if needed, according to the exact area of adjusted land use right obtained by Guizhou Hengtongli.

After Guizhou Hengtongli obtaining the adjusted land use right, the value of the equity interest in Guizhou Hengtongli proposed to be transferred will be assessed, and if the final transfer price as per the agreement is 10% higher than the assessed value, or the assessed value is higher than the final transfer price, the agreement should be automatically released.

The consideration is calculated by reference to the price for the transfer of interest in Guizhou Yuelong Investment Company Limited (which holds approximately 296 mu of commercial and residential land lots on Guilong Land No. 2) by Guizhou Property to an independent third party by means of public offering through a property and rights exchange, with factors such as the terms of the transaction and the payment ability of the counterparty taken into account, and determined by both parties to the transaction through negotiation on an arm's length basis.

Payment arrangements:

- (1) Within 10 working days following Guizhou Hengtongli completing the conversion of the creditors' rights to the equity interest and obtaining the land use right, SZ International Logistics shall pay the first instalment of the consideration of RMB22,010,580 (approximately HK\$26,203,071) to the bank account in the name of Guizhou Property as agreed by both parties.
- (2) Within 10 working days following the receipt of the acceptance documents from the relevant government authorities concerning the transfer of equity interest in Guizhou Hengtongli by both parties, SZ International Logistics shall pay the second instalment of the consideration of RMB22,010,580 (approximately HK\$26,203,071) to the above bank account.

The above consideration shall be paid by SZ International Logistics in cash to Guizhou Property.

Effective from:

The agreement will be effective after being signed and sealed by both parties to the transaction.

Others:

Prior to the application for registration of the change in respect of the transfer of equity interest in Guizhou Hengtongli, if Guizhou Hengtongli fails to obtain the adjusted land use right in full as scheduled, or if the relevant land authorities clearly refuses to proceed with the application for changes in the planned land use of the land under the name of Guizhou Hengtongli, or if either party fails to complete the relevant approval and filing procedures of Shenzhen SASAC, or if both parties fail to complete the transaction within 6 months since the date of signing the agreement, the agreement shall be automatically released/terminated. Both parties could make further negotiation and determination for the cooperate matters.

INFORMATION ON GUIZHOU PENGBO AND GUIZHOU HENGTONGLI

Guizhou Pengbo

Guizhou Pengbo is a wholly-owned subsidiary of Guizhou Property and was established in December 2013 in the PRC as a limited liability company with a registered capital of RMB1 million. Guizhou Pengbo is principally engaged in comprehensive development of land and real estate.

As at the date of this announcement, the certain portion of Guilong Land, with a total area of approximately 400.5 mu, represents the entire assets of Guizhou Pengbo, which is for commercial and residential use and for other commercial and services use. Guizhou Pengbo carries out no other business. Upon completion of the land regrouping and change in land use, Guizhou Pengbo will hold approximately 322.9 mu of Guilong Land for logistics and warehousing use. The net assets of and shareholders' loans to Guizhou Pengbo shall be approximately RMB869,400 and RMB62,728,700 respectively.

The table below sets out the financial information of Guizhou Pengbo for the period from establishment to 31 December 2013, the year ended 31 December 2014 and the nine months ended 30 September 2015, and the pro forma financial information upon completion of the regrouping (unaudited):

Unit: RMB'000

	Upon completion of the regrouping (pro forma)	Nine months ended 30 Sep 2015	Year ended 31 Dec 2014	The period from establishment to 31 Dec 2013
Net loss (before tax)	(74.0)	(73.3)	(56.5)	(0.10)
Net loss (after tax)	(74.0)	(73.3)	(56.5)	(0.10)
	Upon completion of the regrouping (pro forma)	As at 30 Sep 2015	As at 31 Dec 2014	As at 31 Dec 2013
Net assets	869.4	870.1	943.4	999.9

Guizhou Hengtongli

Guizhou Hengtongli is a wholly-owned subsidiary of Guizhou Property and was established in January 2015 in the PRC as a limited liability company with a registered capital of RMB1 million. Guizhou Hengtongli is principally engaged in comprehensive development of land and real estate.

As at the date of this announcement, the certain portion of Guilong Land, with a total area of approximately 85.6 mu, represents the entire assets of Guizhou Hengtongli, which is for commercial and residential use and for other commercial and services use. Guizhou Hengtongli carries out no other business. Upon completion of the land regrouping, Guizhou Hengtongli will hold approximately 143.9 mu of Guilong Land without any change in land use. The net assets of Guizhou Hengtongli shall be approximately RMB52,121,200 without shareholders' loans.

The table below sets out the financial information of Guizhou Hengtongli for the period from establishment to 30 September 2015 and the pro forma financial information upon completion of the regrouping (unaudited):

Unit: RMB'000

	Upon completion of the regrouping (pro forma)	The period from establishment to 30 Sep 2015
Net loss (before tax)	(0.40)	(0.30)
Net loss (after tax)	(0.40)	(0.30)
	Upon completion of the regrouping (pro forma)	As at 30 Sep 2015
Net assets	52,121.2	999.7

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENTS

With the improvement of the Guilong Road and the infrastructure in peripheral regions and the development of the whole Guilong Economic Zone, the Group (via Guishen Company and its subsidiaries) has actively engaged in the land bids in respect of the land within the development area of the Guilong Project, so as to effectively reduce the risk of fund recovery from the Guilong Project and realise the expected or even better profits from the project. Based on the overall market conditions and development opportunities, the Group will, by timely market transfers, realise the market value of part of the land it holds and achieve investment gain as soon as possible, while preventing contractual and market risks in relation to the land in an effective way. The Transaction is in line with the overall development strategy of the Group on Guilong Project. Meanwhile, based on its development plan, SZ International Logistics proposes to choose part of the land lots on Guilong Land No. 2 to implement the integrated logistics hub project, which is compatible with the overall planning of the region by Longli Government and helps to improve regional facilities and promote appreciation of the peripheral land (including the land held by the Group). Based on a full understanding of the peripheral land, the price of the Transaction is determined after arm's length negotiations between the two parties, with reference to the pricing with independent third parties, and taking factors such as costs of the Group and current and reasonable future income of both parties to the transaction into consideration.

The Company had convened a meeting of the Board for consideration and approval of the Transaction. Mr. HU Wei, Mr. LI Jing Qi, Mr. ZHAO Jun Rong and Mr. TSE Yat Hong, Directors holding positions in Shenzhen International and/or its subsidiaries (excluding the Company), had declared their interests in accordance with the requirements and had not participated in voting on the relevant resolution. The resolution was unanimously approved by other Directors.

Directors of the Company (including independent non-executive Directors) are of the view that the Transaction was conducted on normal commercial terms in the ordinary and usual course business of Guizhou Property, the terms of the transaction are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

POTENTIAL FINANCIAL IMPACT OF THE TRANSFER AGREEMENTS

Upon completion of the Transaction, the Company will cease to hold any equity interest in Guizhou Pengbo, and will indirectly hold 49% equity interest in Guizhou Hengtongli. Guizhou Pengbo and Guizhou Hengtongli will cease to be subsidiaries of the Company.

After deducting related costs and tax charges, the Transaction is expected to realise net profit of approximately RMB26 million attributable to the Company, which will not have a material impact on the financial condition and operation results of the Company. The proceeds from the Transaction will be used to replenish the working capital of the Group.

INFORMATION ON THE COMPANY, SZ INTERNATIONAL AND PARTIES TO THE TRANSFER AGREEMENTS

Company

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

Guizhou Property

Guizhou Property is a limited liability company established in the PRC and wholly-owned by Guishen Company in which the Company holds 70% equity interest. It is principally engaged in comprehensive development of land and real estate and investment holdings.

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 International Logistics

Shenzhen International Logistics is a limited liability company established in the PRC and wholly-owned by SZ International. It is principally engaged in investment for enterprise establishment, and logistics information consultancy.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, SZ International holds approximately 50.889% equity interest in the Company, while SZ International Logistics is a wholly-owned subsidiary of SZ International. Therefore, under Chapter 14A of the Listing Rules, SZ International Logistics is a connected person of the Company, and the Transaction constitutes connected transactions of the Company.

Since one or more of the applicable percentage ratios of the Transaction (excluding profit ratio) calculated on an aggregated basis are above 0.1% but less than 5%, the Transfer Agreements are subject to the requirements of reporting and announcement but exempt from the requirement of approval by independent shareholders under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“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 thereto under the Listing Rules
“Directors”	the directors of the Company
“Transfer Agreement”	Transfer Agreement A and Transfer Agreement B
“Transfer Agreement A”	The equity interest and creditors’ rights transfer contract regarding the transfer of the entire equity interest in and creditors’ rights of Guizhou Pengbo after regrouping entered into by Guizhou Property and SZ International Logistics on 30 December 2015
“Transfer Agreement B”	The equity interest transfer contract regarding the transfer of 51% equity interest in Guizhou Hengtongli after regrouping entered into by Guizhou Property and SZ International Logistics on 30 December 2015
“Transaction”	the proposed transfer of the entire equity interest in and creditors’ rights of Guizhou Pengbo after regrouping and 51% equity interest in Guizhou Hengtongli after regrouping by Guishen Company to SZ International Logistics in accordance with Transfer Agreement A and Transfer Agreement B
“Group”	the Company and its subsidiaries
“Guishen Company”	貴州貴深投資發展有限公司(Guizhou Guishen Investment Development Company Limited), a limited liability company incorporated in the PRC and a 70%-owned subsidiary of the Company
“Guizhou Property”	貴州深高速置地有限公司(Guizhou Shenzhen Expressway Property Company Limited), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Guishen Company
“Guizhou Hengtongli”	貴州恒通利置業有限公司(Guizhou Hengtongli Property Company Limited), a limited liability company incorporated in the PRC
“Guizhou Pengbo”	貴州鵬博投資有限公司(Guizhou Pengbo Investment Company Limited), a limited liability company established in 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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shenzhen SASAC”	Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission(深圳市人民政府國有資產監督管理委員會)
“SZ International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“SZ International Logistics”	深圳市深國際物流發展公司(Shenzhen International Logistics Development Co., Ltd.), a limited liability company established in the PRC and a wholly-owned subsidiary of SZ International
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Guilong Project”	the construction project of the phase I of Guilong Road in Longli, Guizhou by Build-Transfer mode and the primary development project of the relevant land undertaken by the Group
“Guilong Land”	The land use right of the development area of Guilong Project with a total area of approximately 2,310 mu (approximately 1,540,000 square metres) bid by the Group, with Land No. 2 accounting for approximately 1,375 mu (approximately 920,000 square metres)
“Longli Government”	The People’s Government of Longli County, Guizhou Province, PRC

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 RMB0.84=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
Hu Wei
Chairman

Shenzhen, PRC, 30 December 2015

As at the date of this announcement, the Directors of the Company 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. LI Jing Qi (Non-executive Director), Mr. ZHAO Jun Rong (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. 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. SHI Xian Liang (Independent non-executive Director).