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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)

**PROPOSED ADOPTION OF THE RESTRICTED A SHARE
INCENTIVE SCHEME;
PROPOSED GRANT
AND
CONNECTED TRANSACTION**

The Company hereby announces that on 15 January 2016, the Board passed a resolution in respect of the proposed adoption of the Incentive Scheme and the Proposed Grant thereunder. The Incentive Scheme and the Proposed Grant thereunder shall become effective upon obtaining all necessary approval(s) (including but not limited to the approval by the Shareholders at the general meeting of the Company).

The Company hereby announces the major contents of the proposed Incentive Scheme and the Proposed Grant thereunder, details of which are set out below:

I. PROPOSED ADOPTION OF THE INCENTIVE SCHEME

1. Purpose of the Incentive Scheme

The purpose of the Incentive Scheme is to further establish and improve long-term corporate incentive systems of the Company, attract and retain talent, fully mobilise the motivation of senior management members, middle and core management and key technicians of the Company, effectively tying the interests of the Shareholders, the Company and the management of the Company and enabling the respective parties to become aware of the Company's long-term development, and to promote the realisation of the development strategies of the Company.

2. Basis for determining the Participants and the scope of Participants

(1) Basis for determining the Participants

The Participants of the Incentive Scheme are determined in accordance with the relevant laws, regulations and regulatory documents such as the Company Law, the Securities Law, the Administrative Measures on Share Incentives (Trial) and the relevant provisions of the Articles of Association, together with the Company's actual situations.

(2) Scope of Participants

The proposed Participants of the Incentive Scheme include Directors, senior management, and key employees (including middle managers and business backbones of the Company's headquarters and leading team members (vice presidents or above) of the Company's subsidiaries) at the time of implementation of the Incentive Scheme by the Company. Independent non-executive Directors, non-executive Directors, supervisors of the Company, Shareholders holding 5% or above of the Shares and their close family members, and Directors, senior management and other key employees who have participated in the share option incentive scheme of the controlling Shareholder of the Company, Shenzhen International Holdings Limited, are not included in the scope of Participants of the Incentive scheme.

3. Source and number of Shares under the Incentive Scheme

(1) Source of underlying Shares

The Incentive Scheme adopts Restricted Shares as the motivational tool. The source of the underlying Shares to be granted shall be ordinary A Shares issued to the Participants by the Company.

(2) Number of underlying Shares

The total number of Shares that may be granted under the Incentive Scheme shall be 17,191,690 A Shares, representing approximately 0.79% of the Company's total share capital of 2,180,770,326 Shares as at the date of this announcement.

4. Validity Period, Grant Date, Lock-Up Period and Unlocking Period and black-out period of the Incentive Scheme

(1) Validity Period of the Incentive Scheme

The Incentive Scheme shall be effective for five years from the Grant Date of the Restricted Shares.

(2) Grant Date of the Incentive Scheme

For the Grant Date of the Incentive Scheme, please refer to the paragraph headed "II. Proposed Grant under the Incentive Scheme – 3. Grant Date" below.

(3) Lock-up Period and Unlocking Period of the Incentive Scheme

The Restricted Shares granted pursuant to the Incentive Scheme will be locked up for 24 months from the Grant Date. During the Lock-up Period, the Restricted Shares held by the Participants pursuant to the Incentive Scheme shall not be transferred, pledged for guarantees or used for repayment of debt.

All dividend or Shares as a result of conversion of capital reserve, dividend distribution, bonus issue, sub-division received by the Participants as a result of the Restricted Shares granted to them will be locked up in accordance with the Incentive Scheme and all such Shares are subject to the same Lock-up Period as the Restricted Shares, whereas all dividend payable in cash which the Participants are entitled to as a result of the Restricted Shares granted to them will be kept by the Company, and will be paid to the Participants when the Restricted Shares are unlocked in accordance with the Incentive Scheme.

During the Unlocking Period, the Company shall assist the Participants who have fulfilled the Unlocking Conditions to arrange for the Restricted Shares to be unlocked, while the Company shall repurchase and cancel the Restricted Shares held by the Participants who have not fulfilled the Unlocking Conditions. The specific unlocking arrangements are as follows:

Unlocking Arrangement	Unlocking Date	Proportion of unlocking
First Unlocking	From the first trading day after 24 months from the Grant Date to the last trading day within 36 months from the Grant Date	40%
Second Unlocking	From the first trading day after 36 months from the Grant Date to the last trading day within 48 months from the Grant Date	30%
Third Unlocking	From the first trading day after 48 months from the Grant Date to the last trading day within 60 months from the Grant Date	30%

(4) Black-out Period of the Incentive Scheme

Where the Participant is a Director or member of the senior management, the number of Shares which may be transferred by the Participant per year during his/her tenure of office shall not exceed 25% of the total number of the Shares held by him/her.

Where the Participant is a Director or a member of senior management, all gains from the sale of Shares within six months of purchase or from the purchase of Shares within six months of sale by the Participant shall belong to the Company and to be collected by the Board.

If, during the Validity Period of the Incentive Scheme, there is any amendment to the requirements regarding the Share transfer by a Director and senior management of the Company under relevant laws, regulations and regulatory documents such as the Company Law, the Securities Law and the Articles of Association, the transfer of the Shares held by the Participant shall comply with the provisions of relevant amended laws, regulations and regulatory documents such as the Company Law and the Securities Law and the Articles of Association at the time of the transfer.

5. Grant Price and basis of determination thereof

For the Grant Price and basis of determination thereof, please refer to the paragraph headed “II. Proposed Grant under the Incentive Scheme – 4. Grant Price and basis of determination” below.

6. Conditions of Grant and unlocking of the Restricted Shares

(1) Conditions of Grant of the Restricted Shares

The following conditions must be fulfilled before the Participants are granted the Restricted Shares:

- (i) None of the following circumstances has occurred to the Company:
 - (a) issue of the Company’s financial and accounting report for the most recent

accounting year in which a certified public accountant gives a negative opinion or indicates the inability to give an opinion;

- (b) the imposition of administrative penalties by the CSRC during the most recent year due to material non-compliance of laws and regulations; and
 - (c) other circumstances as determined by the CSRC.
- (ii) None of the following circumstances has occurred to the Participant:
- (a) public censure or declaration as ineligible candidate by Shanghai Stock Exchange in the most recent three years;
 - (b) the imposition of administrative penalties by the CSRC during the most recent three years due to material non-compliance of laws and regulations;
 - (c) occurrence of circumstances under which the Participant is prohibited from acting as a director, supervisor and member of the senior management of a company, as stipulated in the Company Law; and
 - (d) other material breach of relevant requirements of the Company as determined by the Board.
- (iii) The Company has achieved the following business performance:

The average return on net assets attributable to shareholders of the company, revenue growth and cash dividend payout ratio of the Company during the financial year before the Grant Date (i.e. 2014) shall not be less than the actual value during the financial year of 2013 and the average value of the most recent three years (from the financial years of 2011 to 2013), deducting the effects on the performance indicators by reason of the government (including but not limited to repurchase of the management rights of the highway by the government).

(2) Conditions of unlocking of the Restricted Shares

The following conditions must be fulfilled before the Restricted Shares granted to the Participants can be unlocked:

- (i) None of the following circumstances has occurred to the Company:
 - (a) issue of the Company's financial and accounting report for the most recent accounting year in which a certified public accountant gives a negative opinion or indicates the inability to give an opinion;
 - (b) the imposition of administrative penalties by the CSRC during the most recent year due to material non-compliance of laws and regulations; and
 - (c) other circumstances as determined by the CSRC.
- (ii) None of the following circumstances has occurred to the Participant:
 - (a) public censure or declaration as ineligible candidate by Shanghai Stock Exchange in the past three years;

- (b) the imposition of administrative penalties by the CSRC during the most recent three years due to material non-compliance of laws and regulations;
- (c) occurrence of circumstances under which the Participant is prohibited from acting as a director, supervisor and member of the senior management of a company, as stipulated in the Company Law; and
- (d) other material breach of relevant requirements of the Company as determined by the Board.

(iii) Unlocking conditions pursuant to the performance level of the Company:

The following performance requirements must be fulfilled for unlocking of the Restricted Shares:

Performance indicators	First unlocking	Second unlocking	Third unlocking
Return on Equity(ROE)	Average ROE not lower than 9.8% for the two full financial years prior to the unlocking year (i.e. 2015-2016), and not lower than the listed expressway companies' average ROE for the financial years of 2015-2016.	Average ROE not lower than 10.3% for the three full financial years prior to the unlocking year (i.e. 2015-2017), and not lower than the listed expressway companies' average ROE for the financial years of 2015-2017.	Average ROE not lower than 10.8% for the four full financial years prior to the unlocking year (i.e. 2015-2018), and not lower than the listed expressway companies' average ROE for the financial years of 2015-2018; and average ROE for the financial year of 2018 not lower than a 'merit' standard for expressway industry as published in the State-owned Assets Supervision and Administration Commission's "Corporate Performance Standards" for that year.
Revenue Growth	Average revenue growth not lower than 11% for the two full financial years prior to the unlocking year (i.e. 2015-2016), and not lower than the listed expressway companies' average revenue growth for the financial years of 2015-2016.	Average Revenue Growth not lower than 12% for the three full financial years prior to the unlocking year (i.e. 2015-2017), and not lower than the listed expressway companies' average revenue growth for the financial years of 2015-2017.	Average Revenue Growth not lower than 13% for the four full financial years prior to the unlocking year (i.e. 2015-2018), and not lower than the listed expressway companies' average revenue growth for the financial years of 2015-2018.
Dividend Payout Ratio	Dividend payout ratio not lower than 43% for the two full financial years prior to the unlocking year (i.e. 2015-2016).	Dividend payout ratio not lower than 43% for the full financial year prior to the unlocking year (i.e. 2017).	Dividend payout ratio not lower than 43% for the full financial year prior to the unlocking year (i.e. 2018).

Note: (1) deducting the effects on the performance indicators by reason of the government (including but not limited to repurchase of the management rights of the highway by the government); (2) deducting the effects of equity financing on the performance indicators; and (3) when calculating the average performance of the listed expressway companies, deducting the extreme sample with material deviation.

(iv) Assessments at the Participant level

The annual appraisal results of the Participant will be used as the basis of unlocking of the Restricted Shares granted by the Incentive Scheme. The Restricted Shares could only be unlocked if the Participant passed the appraisal for the previous year.

(v) Cancellation of the Restricted Shares

If the Company did not fulfill the performance requirements or the Participant did not pass the appraisal, the Restricted Shares granted to the Participant could not be unlocked for the respective years and shall be cancelled by the Company upon repurchase at the Grant Price or the market price at that time, whichever is lower.

7. Method and procedures for adjustment for the Incentive Scheme

(1) Method of adjusting the number of Restricted Shares

During the period from the date of this announcement to completion of the registration of the Restricted Shares granted to the Participants, in the event of any conversion of capital reserve, bonus issue, sub-division, consolidation or rights issue in relation to the Shares of the Company, adjustment to the number of Restricted Shares to be granted shall be made by the Company accordingly. The method of adjustment is set out below:

(i) Conversion of capital reserve, bonus issue and sub-division of Shares

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of increase per Share resulting from the issue of Shares by conversion of capital reserve, bonus issue or sub-division of Shares (i.e. the number of Shares increased per Share upon issue of Shares by conversion of capital reserve, bonus issue or sub-division of Shares); Q represents the adjusted number of Restricted Shares.

(ii) Rights Issue

$$Q = Q_0 \times P_1 \times (1 + n) / (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of Restricted Shares before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted amount of Restricted Shares.

(iii) Consolidation of Shares

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares before the adjustment; n represents the ratio of consolidation of Shares (i.e. one Share of the Company shall be consolidated into n Shares); Q represents the adjusted number of Restricted Shares.

(iv) Issue of additional Shares

Where the Company issues additional Shares, the number of Restricted Shares shall not be subject to any adjustment.

(2) Method of adjusting the Grant Price of the Restricted Shares

During the period from the date of this announcement to completion of the registration of the Restricted Shares granted to the Participants, in the event of any dividend distribution, conversion of capital reserve, bonus issue, sub-division, consolidation or rights issue of Shares of the Company, adjustment to the Grant Price shall be made by the Company accordingly. The method of adjustment is set out below:

(i) Conversion of capital reserve, bonus issue and sub-division of Shares

$$P = P_0 / (1 + n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per Share resulting from the issue of Shares by conversion of capital reserve, bonus issue and sub-division of Shares to each Share; P represents the adjusted Grant Price.

(ii) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) / (P_1 \times (1 + n))$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue; P represents the adjusted Grant Price.

(iii) Consolidation of Shares

$$P = P_0 / n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of consolidation of Shares; P represents the adjusted Grant Price.

(iv) Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per Share; P represents the adjusted Grant Price. After adjustment, P shall be more than 1.

(v) Issue of additional Shares

Where the Company issues additional Shares, the Grant Price of the Restricted Shares shall not be subject to any adjustment.

(3) Adjustment procedures for the Incentive Scheme

The general meeting of the Company shall authorise the Board to adjust the Grant Price and the number of the Restricted Shares based on the actual circumstances at the time when the above situation occurs. The Board shall make timely announcement after making adjustment to the number of the Restricted Shares and the Grant Price in accordance with the abovementioned provisions. The Company shall engage a legal adviser to provide professional advice to the Board whether such adjustment is in compliance with the provisions of relevant regulations of the CSRC and supervision department of state owned assets, Articles of Association and the Incentive Scheme.

Any adjustment to the number or the Grant Price due to circumstances other than the aforementioned shall be considered by the Board, and submitted to the general meeting of the Company for approval by the Shareholders.

8. Estimated effects of the implementation of the Incentive Scheme on the Company's business performance

In accordance with the requirements of "Accounting Standards for Enterprises No.11 – Payment of Shares" and "Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments", the Company shall, during the Lock-Up Period, on each balance sheet date, adjust the estimated number of Restricted Shares that may be unlocked in accordance with the latest number of Participants who have fulfilled the Unlocking Conditions and the performance indicators, and recognise the services received as the relevant costs or expenses and capital reserve in accordance with the fair value of the Restricted Shares on the Grant Date.

The Company will grant 17.19 million Restricted Shares to the Participants, confirm the fair value of the Restricted Shares on the Grant Date in accordance with the relevant valuation method, and determine the costs of payment of shares under the Incentive Scheme, which will be recognised in phases in accordance with the unlocking ratio. Assuming the Grant Date was in January 2016, the total costs of payment of shares under the Incentive Scheme would be estimated at RMB36,962,100. According to the accounting standards of the PRC, the effects of the costs on each accounting period are as follows:

The number of Restricted Shares (million)	Total costs (RMB)	2016 (RMB)	2017 (RMB)	2018 (RMB)	2019 (RMB)	2020 (RMB)
17.19	36,962,100	11,550,700	13,860,800	7,700,400	3,388,200	462,000

Note:

1. The above are the preliminary estimation based on the Company's information and estimation at present. The actual amount will be calculated by the fair value of the Restricted Shares on the Grant Date.
2. The total amount of the above may differ from the direct sum of each item as a result of round off differences.

9. Implementation of Incentive Scheme in the event of changes in the Company and Participants

(i) If any of the following events has occurred to the Company, the Incentive Scheme shall be terminated and the Restricted Shares which are granted to the Participants but not yet unlocked shall be cancelled by the Company upon repurchase at the Grant Price or the market price at that time, whichever is lower :

- (a) failure to engage an auditor to carry out auditing work in accordance with the relevant regulations and requirement;

- (b) issue of an auditors' report with qualified or negative opinion or which indicates the inability to give opinion by a certified public accountant with respect to the annual financial report of the Company;
 - (c) the state-owned controlling Shareholder, the supervisory committee or the audit department raising significant objections to the business performance or the annual financial report of the Company; and
 - (d) imposition of administrative penalties by security or other relevant authorities due to material non-compliance of the Company.
- (ii) If any of the following events occurs to a Participant, his/her right shall be cancelled:
- (a) audited results indicate significant dereliction of duty;
 - (b) violation of state laws and regulations or the Articles of Association;
 - (c) during his/her tenure, having committed conducts in violation of the laws and regulations including receiving bribes, engaging in bribery, corruption or embezzlement, disclosing trade secrets of the Company, carrying out related party transactions, which had significant negative effects on the Company's reputation and image and resulted in losses to the Company;
 - (d) public censure or declaration as ineligible candidate by Shanghai Stock Exchange in the most recent three years;
 - (e) the imposition of administrative penalties by the CSRC during the most recent three years due to material non-compliance of laws and regulations; and
 - (f) occurrence of circumstances under which the Participant is prohibited from acting as a director, supervisor and member of the senior management of a company, as stipulated in the Company Law.

In violation of items (a), (b) and (c) of this provision, all gains obtained from the Restricted Shares shall be collected by the Company.

- (iii) If the employment relationship between the Company and a Participant is terminated as a result of:
- (a) objective reasons such as relocation, removal, retirement, death or civil incapacitation, the right to the Restricted Shares (provided that the unlocking conditions have been met in that year) shall be exercisable by the Participant within six months after the date of such termination. If the unlocking conditions have not been met, the Participant shall have no right to the Restricted Shares. Restricted Shares which have not been unlocked shall be repurchased by the Company at the Grant Price; or
 - (b) resignation or other personal reasons, the Participant's right to the Restricted Shares shall no longer be exercisable. Restricted Shares which have not been unlocked shall be repurchased by the Company at the Grant Price or the market price at that time, whichever is lower.

10. Principles of repurchase and cancellation

When the Restricted Shares are repurchased by the Company for cancellation pursuant to the provisions of Incentive Scheme, the repurchase price shall be determined in accordance with the relevant provisions of the Incentive Scheme, unless otherwise adjusted thereunder.

(1) Adjustment method for the repurchase price

After the Grant of the Restricted Shares, in the event of any dividend distribution, public placement or private placement and Restricted Shares shall be repurchased for cancellation pursuant to the provisions of Incentive Scheme, no adjustment shall be made to the repurchase price. After the Grant of the Restricted Shares, in the event of any conversion of capital reserve, bonus issue, sub-division, consolidation or rights issue of Shares which had impact on the total amount or the price of the Shares, an adjustment to the repurchase price for the unlocked Restricted Shares shall be made by the Company accordingly. The method of adjustment in principle is set out below:

(i) Conversion of capital reserve, bonus issue and sub-division of Shares

$$P = P_0 / (1 + n)$$

Where: P_0 represents the Grant Price of the Restricted Shares; n represents the ratio of increase per Share resulting from the issue of Shares by conversion of capital reserve, bonus issue and sub-division of Shares (i.e. the number of Shares increased per Share upon issue of Shares by conversion of capital reserve, bonus issue or sub-division of Shares); P represents the adjusted repurchase price.

(ii) Consolidation of Shares

$$P = P_0 / n$$

Where: P_0 represents the Grant Price of the Restricted Shares; n represents the ratio of consolidation of Shares (i.e. one Share of the Company shall be consolidated into n Shares); P represents the adjusted repurchase price.

(iii) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) / (P_1 \times (1 + n))$$

Where: P_0 represents the Grant Price of the Restricted Shares; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the basis of the rights issue (i.e. the ratio of the number of Shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted repurchase price.

(2) Adjustment procedures for the repurchase price

- (a) The general meeting of the Company shall authorise the Board to adjust the number and price of the Restricted Shares to be repurchased with the reasons set out above. The Board shall make timely announcement after making adjustment to the number and price of the Restricted Shares to be repurchased in accordance with the abovementioned provisions.

- (b) Any adjustment to the number and price of the Restricted Shares to be repurchased due to other reasons, after being reviewed by the Board, shall be submitted to the general meeting of the Company for consideration and approval.

(3) Procedures of repurchase and cancellation

The Company shall apply to the Shanghai Stock Exchange for unlocking the Restricted Shares upon the repurchase implemented according to the provisions of Incentive Scheme. The Company shall also pay the repurchase price to the Participants and complete the transfer of relevant shares with the securities depository and clearing corporation within 30 business days upon unlocking. Within reasonable period upon share transfer, the Company shall cancel these Shares.

II. PROPOSED GRANT UNDER THE INCENTIVE SCHEME

Major terms of the proposal in respect of the Proposed Grant of the Restricted Shares are set out in details in this section. The Proposed Grant of the Restricted Shares shall also comply with the restrictive provisions under the Incentive Scheme. Other requirements not provided in the Proposed Grant of Restricted Shares shall be determined with reference to the relevant terms under the Incentive Scheme.

1. Number of underlying Shares in relation to the Restricted Shares under the Proposed Grant

The total number of Shares that may be granted under the Incentive Scheme shall be 17,191,690 A Shares, representing approximately 0.79% of the Company's total share capital of 2,180,770,326 Shares as at the date of this announcement.

2. Allocation of the Restricted Shares under the Proposed Grant

The total number of proposed Participants under the Proposed Grant is 75. The proposed Participants of the Incentive Scheme include existing Directors, senior management and key employees of the Company at the time of implementation of the Incentive Scheme. Details of the allocation of the Proposed Grant under the Incentive Scheme are as follows:

Number	Name	Reason for being a connected person*	Number of Restricted Shares to be granted (share)	Percentage to the total number of Restricted Shares to be granted	Percentage to the total number of share capital of the Company as at the date of this announcement
1	Wu Ya De	(i),(ii)	382,038	2.22%	0.018%
2	Liao Xiang Wen	(ii), (iv)	321,716	1.87%	0.015%
3	Sun Ce	(ii)	321,716	1.87%	0.015%
4	Huang Bi Nan	(ii)	321,716	1.87%	0.015%
5	Gong Tao Tao	(ii)	321,716	1.87%	0.015%
6	Wu Xian	(ii)	321,716	1.87%	0.015%
7	Li Jian	(ii)	321,716	1.87%	0.015%
8	Sun Bin	(ii)	261,394	1.52%	0.012%
9	Gao Jiang Ping	(ii)	261,394	1.52%	0.012%
10	Luo Kun	(ii)	261,394	1.52%	0.012%
11	Fang Jie	(ii), (iii)	261,394	1.52%	0.012%
12	Wang Hui Hong	(ii)	261,394	1.52%	0.012%
13	He Fang	(ii)	261,394	1.52%	0.012%
14	Zhou Yuan	(ii), (iv)	201,072	1.17%	0.009%
15	Lin Wen Xin	(iv)	201,072	1.17%	0.009%
16	He Cheng Hui	(ii)	201,072	1.17%	0.009%
17	Lian Dan Dong	(ii)	201,072	1.17%	0.009%
18	Li Li Rong	(ii)	140,751	0.82%	0.006%
19	Chao De Zhi	(ii), (iv)	321,716	1.87%	0.015%
20	Zhang Jun Rui	(ii)	321,716	1.87%	0.015%
21	Jin Bo	(ii)	261,394	1.52%	0.012%
22	Lü Rui	(ii)	261,394	1.52%	0.012%
23	Lei Yu Hong	(ii)	261,394	1.52%	0.012%
24	Du Ya Fan	(ii)	261,394	1.52%	0.012%
25	Cai Cheng Guo	(ii)	261,394	1.52%	0.012%
26	Liang Bing	(ii)	201,072	1.17%	0.009%
27	Zhao Gui Ping	(ii)	201,072	1.17%	0.009%
28	Nie Xin Yue	(ii)	201,072	1.17%	0.009%
29	Xu Qi Fu	(ii)	201,072	1.17%	0.009%
Other 46 key employees			9,611,263	55.91%	0.441%
Total: 75			17,191,690	100.00%	0.788%

Notes:

*The Participant is a connected person under the Listing Rules. The reason for the Participant being a connected person includes him/her being (i) a director, supervisor or the chief executive of the Company; (ii) a director, supervisor or the chief executive of the Company's subsidiary(ies); (iii) a person who was a director, supervisor or the chief executive of the Company in the last 12 months; and (iv) a person who was a director, supervisor or the chief executive of the Company's subsidiary(ies) in the last 12 months.

**Key employees include middle managers and business backbones of the Company's headquarters and leading team members (vice presidents or above) of the Company's subsidiaries.

3. Grant Date

The Grant Date of the Restricted Shares shall be determined by the Board upon obtaining all the necessary approval(s) (including but not limited to the approval by the the Shareholders at general meeting of the Company) of the Incentive Scheme. The Grant Date must be a trading day and must not fall within any of the following periods:

- (1) within the period commencing from 30 days prior to the publication of periodic reports of the Company to the second trading day after publication of such periodic reports (in case of postponement of publication of the periodic reports, commencing from 30 days prior to the intended publication date);
- (2) within the period commencing from 10 trading days prior to the publication of the announcement of results forecast and results express of the Company to the second trading day after the publication of such announcement;
- (3) within the period commencing from the time at which a major transaction or major event is subject to decision to the second trading day after such transaction or event is announced; and
- (4) within the period commencing from the date of occurrence of any material events which may affect the price of Shares to the second trading day after such information is announced.

The “major transactions”, “material events” and “material events which may affect the price of Shares” mentioned above shall be the discloseable transactions or other material events of the Company pursuant to the requirements of the Rules Governing the Listing of Shares of Shanghai Stock Exchange.

Within 30 days after the approval of the Incentive Scheme at the general meeting, the Board shall in accordance with the provisions of the Incentive Scheme conduct a meeting to grant the Restricted Shares to the Participants, and complete the relevant registration and announcement procedures.

4. Grant Price and basis of determination

The Grant Price of the Restricted Shares under the Grant shall be RMB5.35 per Share. Upon fulfillment of Grant conditions, each Participant is entitled to purchase A Share newly issued to the Participants by the Company at the price of RMB5.35 per Share.

The Grant Price of the Restricted Shares under the Grant shall be RMB5.35 per Share, is equivalent to the Company's net asset value per Share and 59% of the fair market price of the A Shares. Fair market price is determined in accordance with the following principles: the benchmark day for pricing is the date of announcement of the draft of the Incentive Scheme. The fair market price of the A Shares shall not be lower than the highest of the following: (i) the closing price of the A Shares on the trading day preceding the date of announcement of the draft of the Incentive Scheme; (ii) the average closing price of the A Shares for the last 30 trading days preceding the date of announcement of the draft of the Incentive Scheme; and (iii) the average price of the A Shares of the Company for the last 20 trading days preceding the date of announcement of the draft of the Incentive Scheme (the total transaction value for the last 20 trading days / total volume of the A Shares of the Company traded for the last 20 trading days).

III. LISTING RULES IMPLICATION

The Incentive Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules.

Any Grant of Restricted Shares under the Incentive Scheme to a connected person of the Company will constitute a non-exempt connected transaction of the Company which is

subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will establish an independent Board committee to advise the independent Shareholders of the Company in respect of the Proposed Grant to Participants who are connected persons of the Company. The Company will appoint an independent financial adviser to advise the independent Board committee and the independent Shareholders of the Company in respect of the Proposed Grant to Participants who are connected persons of the Company.

IV. GENERAL MEETING AND CIRCULAR

An extraordinary general meeting and class meetings will be held to approve the Incentive Scheme. A circular containing, among other things, (i) terms of the Incentive Scheme; (ii) details of the Proposed Grant; (iii) a letter from the independent financial adviser to the independent Board committee and the independent Shareholders of the Company containing its advice on the approval of the Proposed Grant to Participants who are connected persons of the Company; (iv) the recommendation of the independent Board committee regarding the approval of the Proposed Grant to Participants who are connected persons of the Company; (v) a notice convening the extraordinary general meeting of the Company; and (vi) a notice convening the class meetings of the Company, will be dispatched to the Shareholders as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Administrative Measures on Share Incentives (Trial)”	the Administrative Measures on Share Incentives of Listed Companies (Trial) (《上市公司股權激勵管理辦法(試行)》)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“A Share(s)”	Renminbi-denominated ordinary shares of the Company which were issued in the PRC and subscribed in RMB and are listed on the Shanghai Stock Exchange
“Board”	the board of Directors
“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
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Grant Date”	the date (a trading day) on which the Restricted Shares are granted to the Participants
“Grant Price”	the price of each Restricted Share granted to the Participants

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“H Share(s)”	Overseas-listed foreign shares of the Company which were issued in Hong Kong and subscribed in HK\$ and are listed on the Stock Exchange
“Incentive Scheme”	the Restricted Share Incentive Scheme of A Share of the Company (draft)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Period”	the period during which Participants are restricted to transfer the Restricted Shares in accordance with the Incentive Scheme
“Participant(s)”	the person(s) to be granted Restricted Share(s) under the Incentive Scheme, including the Company’s senior management members, middle and core management and key technicians
“Proposed Grant” or “Grant”	the proposed grant of the Restricted Shares to the Participants pursuant to the Incentive Scheme
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Restricted Shares”	the 17,191,690 A Shares to be granted to the Participants by the Company under the Incentive Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of the Company, including A Share(s) and H Share(s), unless specified otherwise
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unlocking Conditions”	the conditions to the unlocking of the Restricted Shares of the Participants under the Incentive Scheme
“Unlocking Date”	the date on which the Restricted Shares of the Participants are unlocked upon fulfillment of the Unlocking Conditions
“Unlocking Period”	the period during which the Restricted Shares of the Participants are unlocked and can be transferred upon the fulfillment of the Unlocking Conditions specified in the Incentive Scheme
“Validity Period ”	the period during which the Incentive Scheme remains effective

By Order of the Board
Hu Wei
Chairman

Shenzhen, the PRC, 15 January 2016

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).

In this announcement, certain English names 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.