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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)

PROVISION FOR ASSET IMPAIRMENT

This announcement is made by the board of directors (the “Board”) of Shenzhen Expressway Company Limited (the “Company”) in respect of provision for asset impairment. The Company and its subsidiaries (together, the “Group”), in accordance with the requirements of the Accounting Standards for Business Enterprises and the Group’s relevant accounting policies, taking into account the actual situation of Qinglian Expressway and based on the prudence principle, the Company made provision for impairment of RMB620 million to the intangible asset of the concession rights of Qinglian Expressway as at 31 December 2015. As a result of the aforesaid provision for impairment, the Group’s net profit attributable to the owners of the Company for the year ended 31 December 2015 will be reduced by approximately RMB355 million, and the Group’s total assets and equity attributable to the owners of the Company will be reduced by approximately RMB620 million and RMB355 million respectively as at 31 December 2015. The above amounts are preliminary figures only and are subject to the final audited figures of the Annual Report 2015 of the Company.

1. Circumstances of the provision for asset impairment

During the fourth quarter of 2014, Guangle Expressway (Guangzhou to Lechang in Guangdong) and Erguang Expressway (Lianzhou to Huaiji section in Guangdong), in parallel with Qinglian Expressway, have been completed and opened to traffic. However, the construction of the relevant connection with Qinglian Expressway has been delayed, leading to more diversion impacts than expected. It is estimated that the potential growth of the toll revenue from Qinglian Expressway will be lower than expected.

According to the “Accounting Standards for Business Enterprises No.8- Asset Impairment” and the Group’s accounting policies, when there appear signs of asset impairment as at the balance sheet date, including internal report of the enterprise evidencing that the economic performance of an asset is and will be less than expected, showing that the asset may be impaired, the recoverable amount shall be estimated. When the recoverable amount of such asset is lower than its book value, a provision shall be made for the difference between the recoverable amount and the book value.

According to the operating status of Qinglian Expressway and the relevant requirements of the Accounting Standards for Business Enterprises, by the end of 2015, it was determined that there were signs of impairment to the book value of the asset in relation to the concession rights of Qinglian Expressway (concession intangible assets, fixed assets and construction) and impairment assessment should be carried out. To this end, the Group engaged an independent professional traffic research institution to forecast the future traffic volume and revenue of Qinglian Expressway, and engaged a professional valuer to assess the value of the assets as at 31 December 2015 in relation to the concession rights and the equity of the shareholders of Qinglian Company. Based on the forecast and the results of assessment made and conducted by the professional institutions, as at the date of assessment, the value of the assets in relation to the concession rights of Qinglian Expressway is higher than the book value of the assets in relation to Qinglian Company by RMB690 million. As such, provision is not required at the level of Qinglian Company. However, such value is lower than the book value of the assets in relation to the concession rights of Qinglian Expressway as stated in the Group's consolidated account by RMB620 million. As such, as at 31 December 2015, provision has to be made for the impairment of RMB620 million to the premium of the acquisition of the concession intangible assets of Qinglian Expressway in previous year. The above amounts are preliminary figures only and are subject to the final audited figures of the Annual Report 2015 of the Company.

2. Effects of the provision for asset impairment on the Company's financial conditions and results

The provision for impairment will increase the impairment loss of the Group's assets by RMB620 million for the year of 2015. Taking into account the related deferred tax liabilities, net profit attributable to the owners of the Company will be decreased by approximately RMB355 million for the year ended 31 December 2015; the total assets and equity attributable to the owners of the Company will be decreased by approximately RMB620 million and RMB355 million respectively as at 31 December 2015. The above amounts are preliminary figures only and are subject to the final audited figures of the Annual Report 2015 of the Company.

3. Procedures for determining the provision

The provision for asset impairment was considered by the Board and reviewed by the supervisory committee of the Company. The independent directors of the Company also issued an independent opinion on the provision for asset impairment.

By order of the Board

Hu Wei

Chairman

Shenzhen, the PRC, 29 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.